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NEWS SUMMARY

GENERAL

Greece opens port to Russia

Greece has agreed to allow Russian navy ships to use port and shipyard facilities for the first time in 140 years under a deal signed by the state-controlled Neorion shipyards and a Soviet shipping company.

The move comes only three days before Greek Premier Constantine visits Moscow, and at a time when Greek-U.S. relations are at their lowest over the control of Greek armed forces.

The agreement will allow repairs of merchant auxiliary ships of the Russian Mediterranean Fleet at the Greek company's facilities on the Aegean island of Syros. Page 3

Vance warning

U.S. Secretary of State Cyrus Vance is believed to have stressed to Russian Ambassador to the U.S. Anatoly Dobrynin the risks to Senate ratification of the SALT 2 caused by the presence of a Soviet military brigade in Cuba.

Taleghani dies

Huge crowds lined the streets of Tehran for the funeral of Ayatollah Mahmoud Taleghani, the city's spiritual leader and the most senior member of the clergy to campaign for the Shah's overthrow. He was 68. Page 4

Land sale plans

Nationalised industries and local authorities may soon be compelled to sell off unused land to developers, under plans announced by Environment Secretary Michael Heseltine. Back page

Brabournes leave

Lord and Lady Brabourne and their son Timothy, 14, who survived the IRA explosion which killed Lord Mountbatten two weeks ago, left hospital in Sligo. They were flown to West London

Left challenge

An attempt by trade union leaders to block the Labour Left-wing challenge to James Callaghan's leadership has failed. By 11 votes to six, the party's organisation committee rejected union demands to defer voting on changes to leadership election procedure. Back Page

ITV talks fail

Talks aimed at ending the month-long blackout of independent television have broken down. Alan Sapper, general secretary of the technicians' union ACTT, said the two sides were nowhere near settlement. Page 11

Schmidt deputy

West Germany's Social Democratic Party has chosen Hans-Juergen Wischneski, one of Chancellor Helmut Schmidt's closest allies, as deputy party chairman. Page 2

England party

The 16-strong England cricket party to tour Australia includes Kerry Packer player Derek Underwood of Kent, and two uncapped players, Graham Dilley, Kent, and Wayne Larkins, Northants.

Briefly . . .

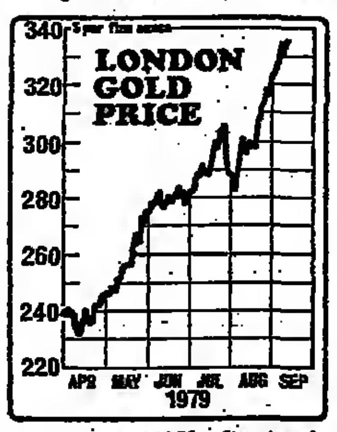
Jackie Stewart, three times world motor racing champion, has turned down a \$2.5m (£1.1m) offer to return to formula one circuits with Brabham.

Bernard Ingham, a former journalist, has been appointed chief Press secretary to the Prime Minister. Page 9

BUSINESS

Gold at new high close; Gilts ease

● GOLD rose to its highest closing level in London, with a rise of \$4½ to \$335¾, after touching \$338 at one point.



● EQUITIES were firm at the start of the new Account, and South African gold shares recovering sharply after last week's shakeout. The Gold Mines index rose 11.1 to 199.3 while the FT ordinary index rose 1.5 up to 475.0.

● GILTS eased marginally and the Government Securities index fell 0.07 to 73.11.

● STERLING fell 45 points to \$2.2455 and its trade-weighted index fell to 71.3 (71.5). The dollar's index fell to 84.3 (84.5)

WALL STREET was 1.96 up at 876.11 just before the close.

● IRAN'S central bank has made nearly \$400m available to seven commercial banks to help them pay off foreign debts incurred before the revolution ... ruary.

● JAPAN has won a \$400m contract to build 20 ships for the Worldwide Shipping group of Hong Kong in one of the largest merchant shipping deals signed in the past five years.

● RETAIL spending appears to have recovered after the drop caused by the VAT increase, and in August the provisional index for the volume of retail sales rose 3.4 per cent to 112.5. Prices of UK manufactured goods rose much more slowly last month, indicating that most of the early summer oil price rise has been passed on. Back Page; Editorial comment, Page 18

● DOW CORNING is to be offered a £33m State aid package by the Government to encourage the Dow Chemicals subsidiary to go ahead with a £134m expansion of its chemical plant in Barry, South Wales. Back Page

● CEGB has said it will be submitting a proposal, but not a final bid, for the 50 per cent stake in the Australian Ranger uranium project. Page 10

● PROCESS industry capital expenditure is expected to reach £12.68bn in the three years to 1981, with expenditure on process plant forecast to be £5.19bn. Page 9

● PILKINGTON Brothers is to create a venture capital company to finance new businesses in St. Helens, the site of its largest factory. Page 10

LABOUR

● GOVERNMENT industrial civil servants began strike action at selected key establishments over the staging of a 22-30 per cent pay offer. Main areas affected were naval dockyards, the RAF and defence operation establishments. Page 11

● MORE LAYOFFS in the engineering industry are expected when workers return tomorrow after the second two-day strike in support of a national wage claim, the Employers' Federation has warned. Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treasury Var. 1981	£97¼	+ 5/16
A.B. Electronic	208	+ 10
Aberdeen Cnstrctn.	102	+ 4
Arncliffe	51	+ 5
Crouch Group	80xd	+ 5
Dowty	319	+ 5
Electrocomponents	473	+ 12
Esperanza Trade & Transport	107	+ 7
F.P.A. Constrctn.	18	+ 3
Guinness (A.)	186	+ 6
Harris Queensway	298	+ 8
Henderson - Kenton	120	+ 9
Home Charm	126	+ 6
House of Fraser	153	+ 8
Lloyds Bank	315	+ 10
Macdonald Martin Dist. A.	635	+ 30
May & Hassell	92	+ 4
Midland Bank	363	+ 11
Milbury	65	+ 7
Mills & Allen	302	+ 9
Oliver (G.) A	107	+ 5
Parker Timber	235xd	+ 30
Peters Stores	76	+ 7
Racal Electronics	267	+ 13
Richards & Wllgtn.	74	+ 4
Sharna Ware	164xd	+ 9½
Standard Telephns.	244	+ 20
Trusthouse Forta	153	+ 5
Zetters	79	+ 4
BP	1180xd	+ 27
LASMO	272	+ 8
Charter Consldtd.	144	+ 8
Minorco	233	+ 38
St. Helena	£10½	+ 1½
St. Piran	85	+ 7
FALLS		
Treas. 12¾pc 1995	£105¼	− ⅜
Averys	262	− 4
Collins (Wm.) A	90	− 10
Dutton-Forshaw	47	− 3
London Mchnt. Secs.	104	− 7

CAR PRODUCTION TO BE STREAMLINED

BL plans to cut 25,000 jobs

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL, Britain's State-owned car company, is to streamlina its manufacturing operations because of the changed economic outlook, Sir Michael Edwardes, the chairman, said yesterday.

The company is also to bring forward the introduction of new car models.

BL (formerly British Leyland) will reduce manning levels by at least 25,000 over the next two years from the present level of 165,000. The total will include about 2,000 from Leyland Vehicles, the bus and truck division, and the rest from BL Cars.

The plants most affected are:

● Canley in Coventry and at Abingdon, Berks, where car assembly will cease.

● Seneffe in Belgium where the plant is to be reviewed.

● Major parts of Castle Bromwich, Birmingham, to be closed.

● New aluminium foundry project in Yorkshire to be cancelled.

● South Works at Leyland, Lancs, to be closed in 1981.

● Aveling Marshall plant at Gainsborough, Lincs, to close at end-October.

● Park Royal, North London—bus plant to be closed.

The changes will enable the group to introduce five completely new car models by 1984, starting with the Metro in the second half of 1980. There will also be four or five other models derived from cars already in production.

Trade union leaders, who were told of the proposals yesterday by Sir Michael, said they were "shocked by these very grave proposals."

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, called on the Government to assist BL "to regenerate the economy of this country."

Mr. Derek Robinson, chairman of the BL Shop Stewards' Combine, described the plan as "disastrous for BL and for the British motor industry in general." Unions should taka the strongest possible action to defend jobs, be maintained.

Although the plan is known to have the backing of the Government and the National Enterprise Board, BL's parent, Sir Michael insisted last night that the plan had been evolved by the BL board and there had been no formal consultation with the Government.

"There has been no insistence by the Government that there should be plant closures if BL is to receive more funds."

The broad outline of the board's proposals had been put to the unions for discussion but details should be finalised in time for the plan to be presented to the NEB and the Government in October.

Until the final details had been worked out BL would not know how much more cash it would require. "But we will certainly need more than the £1bn already agreed," Sir Michael said. He pointed out that there was £225m of the £1bn still left to be drawn.

Apart from the need for further equity funds from the NEB, "other sources will be explored including the raising of funds from the disposal of assets and businesses."

He stressed: "We have no immediate cash problem. We have several hundred million pounds of unused private sector borrowing facility."

However he warned: "The outlook warrants our taking firm action before the trading profit deteriorates to ensure our position through 1980 to 1981."

The factors which had influenced this decision included the change in the outlook for total UK car sales next year—now expected by BL to show a 10 to 12 per cent decline on the 1979 level—and the

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Car output forecast Page 10

Compromise by both sides urged in Rhodesian talks

BY MARTIN DICKSON AND MICHAEL HOLMAN

LORD CARRINGTON, the Foreign Secretary, opened the Lancaster House conference on Rhodesia yesterday with a call for the Salisbury government and Patriotic Front to compromise. He said it was "illusory to think that any settlement can fully satisfy the requirements of either side."

The weekend enmity, marked the Rhodesian delegations, carried over into the conference's first day with the boycott of the Foreign Secretary's cocktail party by the Patriotic "socialising" with the delegation of Bishop Muzorewa.

Earlier the Front, led by Mr. Joshna Nkomo and Mr. Robert Mugabe, raised objections to seating arrangements which left them facing their rivals, but which remained unchanged.

Lord Carrington expressed "great regret and disappointment" that hostilities were continuing during the conference. "It must be our objective to proceed as soon as possibla to a stage at which there can be agreement on a ceasefire," he said.

In a low key opening speech, the Foreign Secretary declared be was under "no illusions about the magnitude of the task before us.

"It is our intention to apprach this conference on the basis of the same principles, and with no less strong a determination to succeed, than in the case of those other conferances, which resulted in the granting of independence by this country to our former territories."

In the conference chamber, where the atmosphere was described as "businesslike," the Rhodesian delegations were seated along opposite sides of an open square. The British delegation and the conference secretariat occupied the two other sides. Mr. Ian Smith, the former Rhodesian Prime Minister, was in the front row of Bishop Muzorewa's team.

The Rhodesian delegations bad arrived for the 4 pm opening to be met by small demonstrations by rival supporters, waving flags and chanting slogans on opposite sides of Pall Mall.

Condemning last week's Zimbabwe Rhodesian raids into Mozambique, a Patriotic Front spokesman said of the decision not to attend Lord Carrington's cocktail party last night: "We felt we could not at this time distinguish the colour of the tea we might bave tonight from the blood of the women and children that the puppet regime of Muzorewa are shedding at this moment."

However, the spokesman made it clear the Patriotic Front would continne talking inside the conference chamber.

In his opening speech, the Foreign Secretary strongly emphasised his concern that the conference adopt a step-by-step approach to the problem, discussing a new constitution before considering the extremely sensitive issue of pre-independence transitional arrangements.

"It is essential to tha prospects of success that we should first seek agreement on our destination — which is the independence constitution. If that can be achieved, it will be necessary to decide the arrangements to give effect to that agreement."

He reiterated that the British Government was prepared to "accept its full share of the responsibility for the practical implementation of those arrangements. The central element will be free and fair elections, properly supervised under British Government authority."

Setting out his view of bow the conference should proceed, Lord Carrington said be would first like to hear the two sides' opinions on the outline British constitutional proposals circulated to them last month.

If agreement was posible on the general framework for the independence constitution, the British Government would then be prepared to put forward more detailed proposals to effect that agreement.

Move to avert Italian strikes

BY PAUL BETTS IN ROME

SIG. FRANCESCO COSSIGA, the Italian Prime Minister, is to meet trade union leaders tomorrow in an attempt to avert widespread industrial unrest.

The Prime Minister's initiative comes on the eve of strikes which threaten to paralyse most of tha public sector this week. Rail, ferryboat and city transport services, hospitals, schools, public offices and the postal services could all be affacted.

Rail services were disrupted yesterday by a strike by members of politically independent non-aligned unions. The public sectnr non-aligned unions have also announced a general 24-bour strike tomorrow, while the 3.5m public sector members of the politically affiliated or official union movement have threatened a similar 24-hour strike on Thnsrday.

Industrial action at the main Mirafiori plant of tha Fiat gronp, Italy's biggest private enterprise, is increasingly disrupting production.

The new outbreak of labour unrest is expected to be the first major test for the minority Government formed last month

The main demand of the public sector workers is a modification to Italy's highly inflationary antomatic wage indexation system, which would bring it in lina with the mechanism for the private sector. In the private sector, increases in the index are automatically reflected in wage adjustments every three months. In the public sector, the calculation is made every six months.

The demands of the pnblic sector workers are costed by the Government at abont L3,500bn (£1.9bn) of additional expenditure. They coma at a time wben the Cabinet is attempting to slow down retail price inflation, which is running at about 15 per cent a year.

The Cabinet has indicated it intends introducing measures to rednce the inflationary effects of tha indexation system.

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Imperial bids $630m for U.S. group

BY ANDREW FISHER

IMPERIAL GROUP, the UK brewing, tobacco and foods concern, has launched one of the biggest ever British takeover bids in the U.S. with a \$630m (£280m) agreed offer for the Howard Johnson restaurant and motel chain.

The proposed deal, which would create a company with total sales of some £4bn, follows widespread speculation that Imperial was planning a major acquisition, possibly in North America.

The move is in line with the growing trend towards U.S. investment by British, European and Japanese companies seeking to take advantage of the relatively low valuation of the dollar and the vast American market.

Investment

Direct foreign investment in the U.S. soared by a record \$6.24bn last year, taking the total value of foreign-owned investments to more than \$40.8bn.

The UK group has been diversifying beyond the tobacco sector for some time and has about £250m in cash.

This will be increased by the sale, now being negotiated, of its 50 per cent stake in Mardon Packaging to BAT Industries, which already owns the other half and has itself been expanding in the U.S.

Howard Johnson, whose 882 restaurants and 520 "motor lodges" bave made it a household name in the U.S., is the sixth biggest company in both sectors in the country.

Imperial Group is offering \$28 a sbare in casb for each common share of Howard Johnson, which last year obtained just under half of its operating income from restaurant operations.

Mr. Howard B. Johnson, present cbairman and son of the founder, is recommending the offer to shareholders. He and his family are believed to own nearly 6 per cent of the company, with institutions having about 16 per cent.

Imperial said it would pay for Howard Johnson either from its existing resources or from additional loan resources or a combination of the two. The U.S. company will retain its present management and name if the acquisition goes through.

Completion remains subject to a definitive agreement between the two companies, as well as the approval of the Howard Johnson board, the shareholders of both companies, and U.S. regulatory authorities.

The U.S. concern raised its pre-tax income last year by 13.3 per cent to \$63m and its net income by 15.8 per cent to nearly \$34m. Sales were 11 per cent higher at \$555m, with the inclusion of sales through franchise outlets boosting this to \$955m.

Sir John Pile, Imperial chairman, said he was enthusiastic about the opportunities provided by the latest transaction.

Howard Johnson's businesses were all in areas which fitted in with the UK group's overall objectives. Sir John said he was particularly impressed by the quality of its organisation and management.

Imperial, the sixth biggest UK company, made a pre-tax profit last year of £131m on its sales exceeding £3.4bn. Acquisition of Howard Johnson would add 28,000 employees to its present 100,000.

Mr. Peter Davies, Imperial director responsible for group development, said that the company cast its eye across the whole spectrum of U.S. industry before deciding on the restaurant and hotel sector, where "Howard Johnson stood out almost as a unique opportunity."

With changing U.S. life-styles leading to more people eating away from home, "Howard Johnson is ideally placed to benefit," he said.

As well as activities in the U.S., the company is also represented in the Virgin Islands, Puerto Rico, Canada and the Bahamas.

If Imperial manages to acquire Howard Johnson, the proportion of its trading profits from tobacco activities will be further reduced to around 40 per cent from the 45 per cent of last year, said Mr. Jim McKinnon, the finance director.

The remaining 60 per cent would be roughly split between the brewing, food and Howard Johnson operations, he added.

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£ in New York

	Sept. 7	Previous
Spot	\$2.2460-2470	\$2.2490-2500
1 month	0.35-0.30 dis	0.35-0.34 dis
3 months	0.85-0.80 dis	0.91-0.86 dis
12 months	3.00-2.90 dis	3.35-3.25 dis

EUROPEAN NEWS

EEC ENTRY TALKS EXPECTED THIS MONTH

Spain reaffirms its ties to West

BY DAVID GARDNER IN MADRID

THE SPANISH Government is expected to make a major effnrt this week to re-state its basic attachment to the Western alliance, as well as o prepare the way for substantive negotiations on its prospective entry into the European Economic Community.

Sr. Marcelino Oreja, Spanish Foreign Minister, and Sr. Leopoldo Calvo Sotelo, Minister for Relations with the EEC, are due to begin a round of discussions in Brussels today, intended to clear up what are perceived here as contradictions in Spanish foreign policy.

Sr. *Calvo Sotelo's visit* is expected to open the way for substantive talks later this month on Spanish entry into the EEC.

In the talks, Sr. Oreja will stress his Government's commitment to the Western bloc. This, he is expected to say, is ahundantly clear from Spain's renewal of the Friendship and Co-operation Treaty with the U.S.—through which American forces enjoy the use of Spanish bases—as well as from Spain's EEC application.

In an advance issue of a speech he is to deliver today, Sr. Oreja stresses his Government is "*fully conscious that* the security of Western Enrope demands on the Atlantic *Alliance*," and *that* it will, therefore, be pressing the NATO option within Parliament in due course.

The visit follows a bitter dispnte hoth in and outside the Government, provoked hy Spain's decision to attend the recent Non-Aligned Conference in Havana as ao nbserver.

Critics of the move, among them Sr. Calvo Sotelo, argued that it was in contradiction of Spain's Atlantic and European commitment. The criticism appeared borne out when President Castro of Cuba called in his opening speech for Spain to steer clear of NATO.

Sr. Oreja is also expected to stress Spain's desire for special relations with North Africa, the Middle East, and particularly Latin America, where it has ohserver status in the Andean Pact.

Spain was a signatory to the Pact's recent Quito Declaration on Human Rights, and one view here is that Spain's presence at the Non-Aligned Conference was to hoost the position of the Andean Pact nations against their Southern neighbours, by providing an example of peaceful democratic transition.

In this, it is helieved, Spain was encouraged by the U.S. This has not, however, deflected opposition criticism following the recent visit by Sr. Hernan Cubillos, the Chilean Fureign Minister, who last week was received by hoth Sr. Oreja and Sr. Adolfo Suarez, the Spanish Prime Minister.

Communists campaign against economic plan

BY OUR MADRID STAFF

SPAIN'S LARGEST trade union, the Communist-led Comisiones Ohreras (CCOO) *is* to launch a nationwide campagn against the economic programme unveiled by the Government last month.

In a news conference yesterday, Sr. Marcelino Camacho, the union's secretary general, described the programme as "an open attack on workers' *interests*." He *called* for a *joint* approach to the economic crisis hy the Governmeot and "the main political and social forces."

This trade union formula compliments the Spanish Communist party's strategy of a government of "national concentration" between the governing Centre Democrats and the Socialist party, with Communist parliamentary support or even a symbolic presence in the government.

Leaders of the Communist union propose to organise demonstrations aod meetings acrnss the *country*, culminating in a giant rally in Madrid, probably at the beginning of next month. Another target of the campagin wll he the "workers statute" legislation being prepared by the Government, which the unlon helieves will seriously limit the right to strike.

Although the CCOO is prepared to carry out this campaign unilaterally, it stresses that it will he seeking a joint stance with other Spanish unions, in particular the Socialist Union General de Trahajadores, the country's second largest union.

The Communists have not proposed a precise alternative to the government's offer of a 1.7 per cent threshold increase to compensate for higher than expected inflation this year, but the union has called for a sliding scale of wages to protect workers' purchasing power.

The seriousness with which it pursues these aims will determine whether the autumn will be marked hy widespread industrial unrest. Previous CCOO campaigns have generally been limited affairs designed to avoid wildcat industrial action while hoosting the position of the union and its main backers, the Spanish Communist party.

IMF resumes talks on $50m Portugal loan

By Our Lisbon Correspondent

A THREE-MAN team from the International Monetary Fund returned to Lishon yesterday to resume negotiations with the Portuguese Government for a new $50m standby loan.

The team expects *to* reach ao agreement in the next two weeks, which could he signed at the heginning of October. It will be the third IMF loan to Portugal and will he conditional upoo continued economic austerity. It will also ease access by the country's central bank and public sector to credit on the international money markets.

EEC row over Russian butter

BY MARGARET VAN HATTEM IN BRUSSELS

REPORTS OF planned further sales of European Economic Community hutter to the Soviet Union have sparked off a row between Mr Finn Olav Gundelach, the EEC Farm Commissioner, and Sir *Henry Plumb*, newly-elected chairman of the European Parliament's Agriculture Committee.

Reports n the British Press last week hut not yet confirmed, said EEC hutter exporters were negotiating to sell 75,000 tonnes of butter to Russia this winter with the aid of a £85.5m Community subsidy.

Sir Henry has claimed that he received an assurance from Mr. Gundelach in a telephone conversation that no such sale would go forward until the European Parliament had debated the issue.

However Mr. Gundelach yesterday denied having given any such assurances or, as reported hy Sir Henry, to have confirmed that negotiations for the sale were in progress. Sir Henry could not be reached for comment yesterday.

A spokesman for Mr. Gundelach said that whereas 150,000 tonnes of EEC hutter had been sold off cheaply in the first six months of this year, including 67,000 tonnes to Russia, these sales were commercial transactions falling outside the Commission's competence.

The Commission did nnt get notice of these deals unless *exporters asked that* the rehates tn which they were entitled (to offset the gap between the high EEC price and the lnwer world market price) be fixed in advance, instead of being set on a day-to-day hasis.

In the case of the reported 75,000 tonoes sale, no such reqnest has been made and the Commission has no authority to interfere in the sale.

Bonn tries to soothe relationship with Israel

By Our Bonn Correspondent

WEST GERMAN leaders yesterday held talks with Mr. Moshe Dayan, the Israeli Foreign Minister, which apparently went some way towards soothing the troubled relationship between Bonn and Israel.

Herr Hans-Dietrich Genscher, the German Foreign Minister, described his discussions as "good, rewarding and constructive," and indicated they dealt with the Palestinian question, Israel's relations with the European Economic Community, and the recent visit of Egyptian President Anwar Sadat to Israel.

Herr Genscher also explained the purpose of his two tours of Arab countries this year, the latest having encompassed Egypt, Syria, Jordan and Lebanon. Chancellor Helmut Schmidt was also scheduled to hold talks with Mr. Dayan, and was expected to discuss the possibility of a future visit to Israel.

Herr Genscher's visits to Arab countries and the constant postponement of Chancellor Schmidt's visit to Israel have considerably irritated the Israelis, and some politicians have accused the Germans of trying to curry Arab favour to secure oil supplies. But it has been clear during this visit—and from Mr. Dayan's conciliatory remarks on the eve of departure — that both sides are anxious to ease the tension.

Israel has made no secret of its anger at recent meetings between West German politicians — Herr Willy Brandt of the Social Democrats and Herr Juergen Mollemann of the Free Democrats —and Mr. Yassir Arafat, the Chairman of the Palestine Liberation Organisation. This irritation seems to stem both from the fact of the meeting and the fear that it could complicate Israel's own quiet overtures towards the PLO.

Beyond soothing words, there seems to be singularly little that the Germans can do to restore the Israelis' confidence. Bonn opposes Israel's Policy on settlements, and is unlikely to modify this position.

Schmidt supporter picked as deputy party leader

BY ROGER BOYES IN BONN

THE LEADERSHIP of the West German Social Democratic Party, in a bid to close ranks before the 1980 elections, has chosen one of Chancellor Helmut Schmidt's closest allies, Herr Hans-Juergen Wischnewski, to be a deputy chairman of the party.

The nomination of Herr Wischnewski, a Minister of State in the Chancellory, has still to be approved by the SPD party conference, due to be held in Berlin in December. It seems certain, however, that the party will give its go-ahead to Herr Wischnewski, who is not clearly identified with either wing of the SPD.

He is seen rather as the Chancellor's man and has acted as a trouble shooter for Herr Schmidt in a number of delicate situations, including the hijack of the Lufthansa jet in Mogadishu in 1977, Bonn's dispute with Iceland over fishing limits and quotas, and in negotiations between East and West Germany.

The immediate reason for the appointment is the resignation from the post of Herr Hans Koschnick, who wants to concentrate on his activities as Mayor of Bremen. But the move also reflects the Chancellor's

Herr Hans-Juergen Wischnewski . . . trouble-shooter for Schmidt

wish to strengthen his grip on party policy before the election campaign begins in earnest.

Herr Wischnewski is expected to take over the detailed planning of the campaign, freeing Herr Willy Brandt, the party chairman, to tour the constituencies. Herr Schmidt is the other deputy chairman of the SPD.

At the same time as the Wischnewski move, Herr Schmidt has announced that the new Minister of State in Chancellery will be Herr Gunter Huonker, a tax expert who stands to the left of the party.

This should go some way towards placating the more radical members of the SPD, who were keen that Herr Erhard Eppler, chairman of the Baden Wurttemberg SPD, should become deputy national chairman. This would not have suited the Chancellor at all as Herr Eppler is a passionate opponent of nuclear power, and he has made clear that he no longer wants to be considered for the post.

A muted form of electioneering has already become evident. At the weekend, Herr Brandt criticised Count Otto Lambsdorff, the Economics Minister and member of the Free Democrat party (the SPD's partner in the governing coalition) for excessively defending the oil companies and for insulting political opponents of nuclear power.

Much to the satisfaction of the opposition, the Christian Democrats, there has been an angry exchange of telegrams in which Count Lamsdorff denied the charges and in turn criticised Herr Brandt.

France, Poland 'work for closer links'

By Robert Mauthner in Paris

FRANCE AND Poland have agreed to co-operate in making a success of next year's European security conference in Madrid and to prevent a repetition of the disagreements which marked last year's East-West European conference in Belgrade.

This emphasis on joint effort was one of the main results of the working visit which Mr. Edward Gierek, the Polish leader, paid to France at the end of last week.

French officials were particularly pleased by the outcome of the talks between President Giscard and Mr. Gierek, which were described as "extremely cordial."

Central bankers discuss SDR reserves scheme

BY DAVID MARSH IN BASLE

THE PLAN by the International Monetary Fund for a special drawing right (SDR) substitution account, intended to lower the reserve currency importance of the dollar, came under active debate at the meeting of leading central bank governors at the Bank for International Settlements in Basle yesterday.

The plan, under which countries would exchange part of their dollar holdings for SDRs, will be the main item on the agenda at the annual meeting of the Fund in Belgrade next month. Leading central banks and governments have still to finalise their positions on the scheme, which has been drawn up by the IMF to relieve the overhang of excess dollars in the reserves of government and private institutions around the world.

The U.S. and other major industrialised countries generally agree that the proportion of official reserves held in dollars, which has remained at around 80 per cent for over a decade, is structurally too high.

However, the other potential reserve currency countries, West Germany and Japan, are reluctant to let their currencies develop too strongly as reserve assets. So the SDR account, under which a composite currency rather than individual national currencies would take over some of the reserve burden, is seen as a suitable compromise solution.

Greece opens port to Russian navy

BY OUR ATHENS CORRESPONDENT

AGREEMENT has been reached to allow ships of the Russian navy to use port and shipyard facilities in Greece for the first time in 140 years.

The move comes only three weeks before an official visit to Moscow by Mr. Constantine Karamanlis, the Greek Prime Minister, and at a time when Greek-U.S. relations are at their lowest over the qnestion of control of Greece'a armed forces.

The agreement signed by the state-controlled Neorion shipyarda and Sudenport, a Soviet shipping company, allows for the repair of merchant and auxiliary ships of the Soviet Mediterranean Fleet at the Greek company'a facilities on the Aegean island of Syroa.

Government officials bave been careful to stress that the Karamanlis visit does not herald any exploration of a fresh alignment. They also say that it is the first, and overdue, visit of a Greek Prime Minister to Moscow. But diplomats here see it as inevitably bringing some pressure on the NATO alliance to accept the special arrangement proposed by Greece under which the Greek armed forces would remain under national command during peace-time and revert to NATO command only in emergencies.

This arrangement is being blocked by Turkey which wants its disputes with Greece over military responsibilities and seabed rights in the Aegean settled first.

Neorion Shipyards, once owned by N. J. Goulandris, a leading family of shipowners, was taken over last year by a group of state-controlled banks led by the National Bank of Greece for $12m.

It is now managed by A and P Appledore International. With the addition of a 15,000-ton-lift floating dock installed last month the yards can now repair ahips of up to 40,000 dwt.

The Soviet Union is known to have four anchorages in international waters in the Aegean, three of them about ten nautical miles from Crete and the fourth west of the island of Mytelene. Syros will be the first island to offer Russian ships facilities ever since the Russian fleet abandoned its base at Poros Island in the 1840s.

Announcing the agreement, Mr. Constantine Mitsotakis, the Minister of Co-ordination, said the Government encouraged the negotiations initiated by the Soviets early this year.

Most Greek newspapers yesterday banner-headlined the news of the agreement. The opposition daily Ta Nea said it was the first step towards the granting of homeport facilities to Soviet warships operating in the Mediterranean, though the Government has reacted angrily to earlier such claims. Ta Nea said that even under the present agreement the crews of the Soviet ships to be repaired in Syros will be allowed shore leave in civilian clothes.

A Government spokesman said the agreement for Syros involved only merchant shipa and unarmed supply ships of the Soviet fleet.

Oil price rise may hit Denmark harder

BY HILARY BARNES IN COPENHAGEN

THE OPEC oil prices increase earlier this year will bave a far more serious effect on the Danish current balance of payments than so far supposed, according to an analysis by the Economic Advisory Council, an independent but publicly-financed research body.

The Council says that, even if restrictive economic policies are not adopted by other nations in the Organisation for Economic Co-operation and Development, the Danish current deficit is likely to rise from DKr 12bn-13bn (£1.02bn-£1.1bn) this year to DKr 18bn (£1.52bn) in 1980, and DKr 19.3bn (£1.63bn) in 1981. Restrictive measures by the Danish Government in July, however, are intended to bring the 1980 figure down to about DKr 16.5bn.

If other countries adopt restrictive policies, says the report, the 1980 and 1981 deficits are likely to be around DKr 17.5bn and DKr 20.2bn and there will also be a sharp rise in unemployment. Both these forecasts assume that less than 100 per cent of the increased OPEC oil revenues will be spent on tradeable goods in the next two years.

The Government has recently forecast a deficit of DKr 12bn in both 1979 and 1980. The council's analysis is bound to strengthen speculation that the country will be forced before long to adjust the international value of the krone.

The report is based on an OECD model of the impact of the oil price increases on the economies of member countries. One striking finding of the Danish analysis is that, if the OPEC nations spent all the extra oil revenue on tradeable goods, the price increaaes could actually stimulate the OECD economies in the second and third years after the increases, although there would be a slight depressive effect in the first year.

There would be a modest depressive effect, it aays, if 50 per cent, 70 per cent and 100 per cent of revenues are spent in the first, second and third years respectively, but this effect would be strongly reinforced if the OECD countries adopt restrictive policies for balance of payments reasons.

Gas development proposal

BY OUR COPENHAGEN CORRESPONDENT

THE DANISH Underground consortium has submitted a DKr 3bn-DKr 8bn (£250m-£680m) programme to the Ministry of Commerce for the development of gas fields in the Danish sector of the North Sea.

The consortium is under contract to begin delivering gas to the state distribution company in October, 1984.

The main field is on the Cora structure, now renamed the Tyra Field, where there will be two production centres each with two 12-well production platforms and a processing platform.

On the Bent structure, renamed the Roar Field, there will be a 12-well platform and a processing platform. All will be steel structures.

Associated gas from the Dan and Gorm oilfields—the latter is due to come on stream with 1.5m-2m tonnes of oil a year in 1981—will also be linked to the Tyra and Roar gas complex.

Soviet Union denies plan to raise price of clothes

BY OUR FOREIGN STAFF

THE SOVIET Government has resorted to Press and television to deny widespread rumours that the state-set prices of textiles, clothing, and footwear are about to be increased. It is the second such public denial in 18 months.

Mr. Nikolai Glushkov, chairman of the State Committee on Pricea, said in Trud, the labour newspaper, that "such rumours have no grounds."

A aimilar denial was made on the main television news programme by Mr. Alexander Struyev, the Minister for Trade, who runs the USSR's retail business.

Mr. Struyev took the opportunity to deliver a lecture on the "crednlity" of consumers who rush to stock up goods for hoarding which, he said, led to speculation and black marketeering.

In recent weeks, Moscow and other big Eastern cities have been awash with tales of the impending price rises.

Shops have been cleaned out of cotton fabrics, cotton clothing and leather boots, warehouses holding fresh supplies are said to have been padlocked pending the increases.

Such fears have good grounds, despite the official claim that there is no inflation in the Soviet Union. Four waves of price increases have occurred in the past three years, although they bave not affected basic commodities.

In January, 1977, prices of books, carpets, glassware, natural silk articles and dress-making were raised. In April of that year, taxi, air, and ship fares followed.

Petrol prices doubled (to 62p a gallon), coffee trebled, and chocolate, gold and platinum jewellery and spare parts and repairs for cars went up in March of 1978.

On July 1 of this year, preciona metals took another 50 per cent jump, while furs, fur articles, carpets, and furniture were also boosted. The price of cars was raised by 18 per ceot, making the most popular small family sedan £4,400.

The July boost followed a similar warning against rumours. Last March, Izvestia denied that meat, milk, sugar, and other foods were about to go up.

The Swedes vote next week after three years of non-Socialist rule. **William Dullforce** reports from Stockholm

Campaign centres on performance, not principles

WHEN THE non-Socialists came to power in Sweden in 1976, some of their aupporters were unsure about their competence to run the economy after nearly half a century of Social Democrat rule.

Now, campaigning for the September 16 General Election, they have some points of reference. An upswing in the economy started in the second half of 1978 and has continued through this year. Gross National Product growth in 1979 should be between 4.5 per cent and 5 per cent, among the highest rates in the developed world.

But the opposition is not without its arguments. The budget deficit has expanded to a disturbing degree. After the oil price increases the 1979 current account deficit will probably be double that forecast in the spring. The inflation rate is still modest bnt accelerating. Industrial investment, a key indicator of business confidence, ia lagging.

Moreover, while the Centre, Liberal and Moderate (Conservative) parties can claim to have earned credentials as managers of the economy, they have not prodnced a coherent alternative to Social Democratic economic doctrines.

They nationalised more of Swedish industry in three years than the Socialists had done in a quarter of a century. Accepting the commitment to full employment, they extended the resources of the Labour Market Board, the instrument created by the Social Democrats to protect jobs. They managed largely with Social Democrat toola.

A three-year parliamentary period is too short for the non-Socialists to steer the Swedish economy on to a new course. But it is also doubtful whether io Sweden it will ever he politically feasible for them to aim at the radical change of direction now being attempted by Mra. Thatcher's Government in Britain. The Centre and Liberal parties would feel too vulnerable to an erosion of their electoral support by the Social Democrats.

Althougb Mr. Göata Bohman, the Moderate leader, campaigns resolutely against the Socialist planned economy and the bloated public sector, the real economic debate in the current Swedish election campaign bas been about method and performance, not principles.

The resuscitation of the economy is undeniable, but for such an export-orientated country the new recessionary signs in the U.S. and Western Europe are worrying. Mr. Pehr Gyllenhammar, Volvo's managing director, recently warned of the coming recession when he announced a 67 per cent climb in his vehicle group'a half-year earnings.

Business confidence was so badly bit in 1977 and 1978 wben company profits plunged and so mucb discussion of Sweden's "ecooomic crisis" has taken place that the buoyancy has gone out of the Swedes' belief in their economic capacity.

At grasaroots level voters are told by trade union spokesmen that they have "lost" income equivalent to one month's earnings over the past two years. Thia is an argument which creates uneasiness among business leaders who know that crucial negotiations on a new long-term wages agreement will start in November.

The claim of the non-socialists to be effective managers of the economy rests on their successful devaluation of the krona in Auguat 1977. The devaluation was caused by high wage settlements and the krona'a link to the Deutsche Mark through Swedish participation in the European currency "snake" which bad seriously undermined the price competitiveness of Swedish exports.

The devaluation worked mainly because the unions accepted a low two-year wage agreement in 1978. Now, in election month, the situation ia that industrial production bas picked up and is growing at an annual rate of about 6 per cent. Exports bave recorded a substantial volume growth last year and this, and the country is well on the way to recovering the shares of foreign markets lost in 1976 and 1977.

Mr. Gösta Bohman . . . attacking the public sector

So far so good. The non-Socialists have plenty to shout about from the hustings. But the many upward indicators are accompanied by the unprecedented budget deficits for 1978 and 1979, a widening payments deficit which haa prompted much beavier foreign borrowing by the state than anticipated and a quickening in the acceleration rate.

In 1978 the budget deficit was more than SKr 33bn (£3.48bn), equivalent to more thao 12 oer cent of GNP. This year it will not be less and could move much closer to SKr 40bn. The maio reasoo for the violent expaosion of the deficit has been government spending in support of industry and employment.

At the beginniog of this year the foreign payments deficit was expected to be about SKr 6bn, to be covered almost entirely by state borrowing abroad.

After the oil orice increases it is unlikely that the deficit will be less than SKr 10bn aod it could he larger. At the end of 1978 foreign debts amounted to SKr 56.6bn. This is a relatively modest sum, but the fast growth in indebtedness is quite a new factor in the economy.

The inflation rate, too, while not among the most alarming in the developed world, has exceeded the 5 per cent increase between the beginning of the year and October whihc entitles the unions to call for wage compensation. Talks with the employers about this compensation will start only a month before the negotiations on the next long-term wages contract.

All these factors mean that, wbich ever government emerges from the election, it will have to switch to a much more restrictive economic policy than the one the Liberal minority Cabinet has been willing to pursue before the election. None of the parties bas offered the electorate a coherent picture of how this change is to be effected.

A vital piece in the economic puzzle will be missing at election time. Sweden is to hold a referendum in March on the future of its nuclear power programme. Na energy programme for the 1990s can be worked out until the result of the referendum is known. The voters are not being offered any comprehensible long-term economic strategies from which to choose.

The two economic issues which have appeared to preoccupy voters most during the campaign have been taxation and employment. The number of jobless amounts to about 2 per cent of the workforce, with another 2 per cent in emergency work or retraioing scbemes. This is an extremely low unemployment level by most West European standards

All in all the 1979 general election will scarcely produce any fundamental decisions about the future of the economy. Voters will be selecting a short-term management team. The crucial issues will be fought over and determined later.

Leading Iranian Ayatollah dies

BY ANDREW WHITLEY

IRAN'S STEADY move of recent months in a more conservative direction took another lurch forward yesterday with the death of Ayatollah Mahmoud Taleghani, the leading radical among the Shia Muslim clergy.

Ayatollah Taleghani's death from natural causes removes the last spokesman in high places for the secular wing of the informal coalition which brought down the Shah. In a surprise announcement, the secret Revolutionary Council said he had been its head.

His importance as a man who could bridge most allegiances and political perspectives was underlined by his last official duty, a private meeting on Sunday with Mr. Vladimir Vinogradov, the veteran Soviet diplomat, and Ambassador to Tehran. The meeting was apparently called to discuss this weekend's outspoken criticism of the Iranian regime.

Ayatollah Mahmoud Taleghani

A commentary believed to reflect Kremlin thinking said the high hopes born of Iran's Islamic revolution had collapsed into economic chaos, political repression and ethnic suppression. The strength of the criticism, in contrast with the low-key posture adopted up to now, apparently signalled a change in Soviet policy.

Ayatollah Taleghani's main value to the ruling clergy and Prime Minister Bazargan lay in his links with the radical Islamic guerrillas, the Mujaheddin-e-Khalq—the most important political/military organisation not co-opted into the country's new power structure—as well as with the old-fashioned nationalists among the middle class.

In recent weeks Taleghani, who was the leading Tehran clergyman, had appeared to abandon his previous liberal credentials by siding with other establishment figures in strongly attacking both the left and the country's rebel Kurds. To mark his death three days of mourning were decreed.

Reuter reports from Tehran: Twenty-eight soldiers were shot dead after being lured into a trap by guerrillas of the banned Kurdish Democratic Party, Iranian chief of staff Major-General Hossein Shaker said in a newspaper interview today.

He told the English-language Kayhan International that the 28 were killed after the Kurdish town of Saqqez fell to a Government column. He did not say when the incident occurred.

Iraq 'has paid £223m to allies'

By Our Foreign Staff

IRAQ SAYS it has paid out more than \$500m (£223m) this year to Syria, Jordan and the Palestine Liberation Organisation, as agreed at last November's Arab summit in Baghdad, when payments to Egypt were halted because of the Camp David agreement.

The payments go to the states confronting Israel, to help with balance of payments and to finance military expenditure.

Syria has received \$274.8m from Iraq this year, Jordan \$185.7m and the PLO \$44.4m.

The Iraq News Agency quoted Mr. Thamer Rezouki, Iraqi Finance Minister, as saying: "Iraq has thus become the leading Arab country to honour its national obligation and pay on time its commitments in line with the Baghdad summit conference."

At the conference, seven States agreed to pay \$3.6bn (£1.6bn) annually for 10 years. They were: Saudi Arabia (\$1bn); Kuwait (\$550m); Iraq (\$520m); the United Arab Emirates (\$400m); Libya (\$550m); Algeria (\$350m) and Qatar (\$230m).

Of this, Syria should obtain \$1.85bn a year; Jordan \$1.25bn, the PLO \$350m and the people of Gaza and the West Bank (\$150m).

Iraq's reported payment to Syria came against speculation that it would cut aid to its neighbour because of President Assad of Syria's alleged role in a conspiracy against President Saddam Hussein of Iraq.

Baghdad may ask more for oil

BY RAY DAFTER, ENERGY EDITOR

MAJOR OIL industry customers of Iraq are expecting tougher conditions and higher prices when their supply contracts come up for renewal at the end of the year.

Iraq has already warned several major companies that the present contracts have become "inappropriate," owing to changing circumstances.

British Petroleum (BP), which lifts 80,000 barrels a day (b/d) of Iraqi crude (around 4 per cent of its refinery needs), said yesterday: "We have had a communication from Iraq. We are taking this as a notice of change in general terms and conditions." The spokesman added that the company was already having discussions with Iraqi officials.

Shell, which has a contract to lift 225,000 b/d (again around 4 per cent of its needs), referred to its future talks with Iraq as a "straightforward renegotiation of an annual contract which was due around now anyway."

Among other companies which have been told that their present contracts will be terminated at the end of the year are: Gulf Oil (60,000 b/d); Mobil (50,000 b/d) and Exxon (30,000 b/d).

Kenya, Somalia reconciliation bid

BY OUR FOREIGN STAFF

SAUDI ARABIA is attempting to reconcile two rival states in North-East Africa — Somalia and Kenya. Crown Prince Fahd yesterday had separate talks in Taif, with President Daniel arap Moi of Kenya and President Siad Barre of Somalia.

Relations between Somalia and Kenya have been strained ever since the two countries became independent in the 1960s. The new Somali state wanted to incorporate the Somalis living in the Northern Frontier District of Kenya, and a cross-border guerrilla war was fought from 1964 to 1967.

Kenya's fears of continuing Somali designs on its territory have forced it into a loose alliance with the Marxist Government in Ethiopia, which fought a war with Somalia in 1977-78 over its own Somali-populated Ogaden region. Saudi Arabia, which has close relations with Somalia, a fellow Arab League member, and with Kenya, a trading partner, with a conservative regime, has wanted to reconcile the two states for some time.

Somalia denies that it has a formal claim to Kenyan territory and its newly approved constitution speaks only of its government supporting the liberation of "Somali territories" by "peaceful and legal means."

The Kenyan President will want assurances that the Mogadishu Government will do nothing to encourage separatist tendencies among the Kenyan Somalis. For President Siad Barre a key problem is domestic opinion, which would strongly oppose any formal abandonment of Somalis outside Somalia.

Crown Prince Fahd of Saudi Arabia was host at a dinner for the two Presidents on Sunday night. While President Siad Barre is a frequent visitor to the Kingdom, it is the first visit by a Kenyan head of state. There is some Saudi investment in Kenya, and a growing export trade in Kenyan agricultural products.

Park faces fresh opposition challenge

By Ronald Richardson

KIM YOUNG-SAM, ordered by the courts to step down as leader of South Korea's opposition New Democratic Party, said yesterday he is ready to lead a "pan-national movement to overthrow" the regime of President Park Chung Hee.

Mr. Kim, who has been leading an aggressive challenge to the Government for the past three months, told a Press conference: "I have been advising President Park to prepare for a peaceful transfer of power, but he has not listened. Now I have to force him to step down with all the methods I can employ."

Mr. Kim and his supporters have refused to accept the weekend ruling by Seoul District Court that he should relinquish the party leadership.

He said the court decision was "a conspiracy to abolish the opposition party and to form a government-made opposition."

The court ruled that 22 of the 751 delegates to the party convention which narrowly elected Mr. Kim as president on May 30, were ineligible to participate. It issued an injunction sought by three former branch chairmen recently expelled by the party, ordering Mr. Kim and his four vice-presidents to stand down from their positions pending a full hearing.

The Government reacted immediately to Mr. Kim's challenge to the authority of the court with the warning that his action was "clearly illegal," raising the possibility that the controversial politician will be arrested if his opposition continues.

● The South Korean economy grew by 11.4 per cent in the first half of 1979, considerably below the 16.9 per cent recorded in the first six months of last year, according to figures released by the Bank of Korea, the central bank.

The gross national product, in real terms, continued on the decelerating growth path it has followed since the start of last year, with growth in the second quarter down to 9.9 per cent, compared with 13.6 per cent in the first quarter and 16.7 per cent in the comparable quarter of 1978.

Production in the latest quarter was boosted by bumper harvests, which led to abnormal expansion in the agricultural sector. This helped offset a sharp decline in growth of secondary industry from 19.8 per cent in the first quarter to 11.3 per cent in the second quarter.

This setback was attributed mainly to the deflationary economic package adopted by the Government early in the year in an attempt to dampen excessive demand for resources.

Philippines to keep martial law

MANILA — President Ferdinand Marcos of the Philippines said yesterday it would be folly to lift martial law while there were increasing threats of confrontation between the super powers, regional conflict, internal problems and even the possibility of nuclear war.

His strong speech during a military parade to mark his 62nd birthday today dashed hopes that he might announce a definite timetable for ending martial law on September 21, the seventh anniversary of its imposition. In an apparent attempt to pacify church leaders, who have been increasingly critical of abuses of power by the armed forces, he assured Filipinos that he would weed out those abusing their power.

He also announced pay rises and improved promotion prospects for the armed forces, and promised local elections within 18 months.

Accompanying the President on the reviewing stand were several church leaders, including Cardinal Jaime Sin, who has been increasingly vocal in urging an end to martial law.

President Marcos welcomed the church's participation in the ceremony—including a special thanksgiving Mass—and praised the clergy for bringing the alleged abuses by the armed forces to his attention.

The President also announced an amnesty for 1,500 prisoners.

Reuter

Telex extended

BRITAIN'S 80,000 Telex users can now dial direct to 128 countries, with addition of Liberia and Sierra Leone yesterday. Each month about 2,400 operator-connected calls are made from the UK to Liberia and around 2,000 to Sierra Leone.

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INDIA'S FALTERING ECONOMY

Danger signals ignored

JUST SIX months ago, officials in New Delhi were still brimming with confidence over the performance of the Indian economy. Wholesale prices had just risen for the first time in more than two years, but a Finance Ministry spokesman dismissed the need for what be called "sledgehammer measures." He was able to point to the customary indicators of economic well being—a record food grain stock of around 20m tonnes, and growing foreign exchange reserves which now exceed \$7.5bn.

Today that confidance in tha resilience of the Indian economy has been sharply dampened. The first drought in four years makes it certain that food grain production will drop although by how much will be known only when the summer and winter crops are harvested. Industrial growth has also gone into reverse gear and in the first quarter of 1979-80 (April-June), production is down by about 2 per cent with no sign of improvement.

Worst year

Thus, with the prospect of national income actually falling in 1979-80, India faces its worst economic performance year since 1972-73. Indeed, there are striking similarities to that year, when not only did national income fall, but prices soared by more than 20 per cent just before the oil crisis bit the economy.

Projections for inflation in 1979-80 are, in fact, worse. Since February, when the Budget was presented, wholesale prices have gone up by nearly 20 per cent at the rata of more than 3 per cent a month. If this persists, India faces inflation of more than 30 per cent this year, partly due to external forces over which the Government has no control.

Certainly the rise in oil prices imposed by the Organisation of the Petroleum Countries (OPEC) means that part of the inflation is imported. Equally, with the rise in world commodity prices, the cost of imported supplies has risen.

But it is now apparent that the political problems over the past several months have also contributed to the economic crisis, merely because politicians have been too preoccupied with political manoeuvring to take the "sledgehammer" measures that are clearly needed. Nothing was done when the danger signals were becoming apparent three months ago, and nothing is being done now a caretaker Government is in power. With elections due in mid-December, the position is unlikely to change.

A clear sign of the drift is that the committee hastily formed to monitor industrial growth has never met, even though constraints on production are all too evident. No attempt has been made by the caretaker Government to co-ordinate the working of various raw materials and essential economic Ministries, although an integrated approach is clearly needed to improve production, since the main bottlenecks are shortages of power and coal, aggravated by slow movement by rail and road.

Even the much talked about anti-inflationary package has come as an anti-climax. All the Government has announced are minor credit curbs, which have irritated industrialists, and small cuts in "non-development" expenditure.

This has been done in an attempt to cut the soaring

> There have been shortages of coal and poor deliveries to power stations. Together with the increased price of oil and the first drought in four years this has led to erosion of the confidence which had pervaded the Indian economy six months ago. *K. K. Sharma* reports from New Delhi

Budget deficit, which has exceeded the record budgeted figure of Rs13.5bn (£753m) and is now estimated at a staggering Rs23bn. All that has been announced so far are limits on expenditure by officials on such items as telephone calls and travel.

Economists agree that the vast expansion in money supply in the past three years is the main cause of the present inflation. Over the three years, the money supply has expanded by an abnormal 63 per cent. This is because of three successive budget deficits, together with expansion of bank credit to the industrial sector by about 50 per cent.

Farming demands

Combined with the record harvest of the previous three years, which increased the incomes of, and demands by, India's farming community, the economy piled up inflationary ammunition.

While the money supply was rising so rapidly, industrial production rose by 22 per cent in the past three years, and agricultural production by 8 per cent. The gap between the expansion in money supply and real output has widened this year, and hence the inflation. It had not shown itself earlier partly because of the time gap between money supply and prices, and partly because the foreign exchange reserves were used to make good shortages in such consumer goods as edible oil and cement.

It has now become clear that the foreign exchange reserves do not provide the safety net (or the economy that they were thought to. Apart from adding to money supply, the reserves cannot be used to counter shortages in the short run. Even after heavy imports of edible oil, prices for it have soared in the past few weeks.

Better examples are the power shortages and transport bottlenecks, which are the main constraints on industrial production. The reserves cannot help transport problems because these are key sectors. They cannot improve the power supply because importing capital equipment does not result in electricity being generated immediately. Even gas turbines—the quickest to instal—take about 18 months to commission.

Because of the large stocks of food grains, the foreign exchange reserves are not needed to offset the problems arising from the drought. Indeed, officials secretly are not unhappy because the problems with storage, which led to nearly 20 per cent of the foodgrain stocks being kept in the open, will be alleviated. The only use to which the foreign exchange reserves have been put is to finance the growing bill for oil imports. It is certainly not what they were supposed to do.

Power cuts

What is immediately needed is action to improve the power supply. This has become complicated by poor coal production, which is not expected to reach even last year's figure of about 100m tonnes because, ironically, power supply to the mines is erratic. Power cuts have caused a crisis in industry, since electricity generation increased by a marginal 5 per cent during April-August (compared with 15 per cent in the same period last year).

Officials are simply transferring the blame to others. The Ministry of Steel and Mines blames the Railway Ministry for not providing enough wagons to transport coal to power stations, while the railways claim that falling coal production is the real cause.

Whatever the reason, the railways have suffered a loss in freight earnings of Rs 410m in the April-June quarter—a sure sign that goods are not moving fast enough and that production is down.

No improvement is expected, because the caretaker Government is unable to act decisively. Many decisions are pending, including that on the draft sixth five-year plan, which should have begun last year. The Government has been barred by the President from taking "policy decisions," and it is using this as an excuse for inaction and evasion which threatens to continue for at least four months.

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Jurek Martin in Washington reports on the phony war breaking out in the rival camps as the 1980 Presidential bandwagon begins to roll

Thanksgiving Day deadline for Kennedy's election decision

Senator Kennedy and his wife, Joan, at a reception last month.

PRESIDENT CARTER and Senator Edward Kennedy have not gone so far as to swap kid gloves for mailed fists in their political exchanges, at least not yet. But it has now become apparent that their potential rivalry for the democratic party's presidential nomination next year has entered a new, and more barbed stage.

Last Friday the Senator from Massachusetts announced that his family, specifically his mother, Mrs. Rose Kennedy and his wife, Joan, from whom he has been to all intents and purposes separated for some time, had agreed not to oppose any bid for the Presidency should he decide to launch one. On the same day, he lunched at the White House with the President.

Over the weekend, the Atlanta Journal and Constitution reported that, at that session, the Senator had told the President that he was a political "cripple," and should not run next year for the sake of the party and the nation.

Mr. Carter immediately denounced this speculation as "silly," and the Senator's aides said no such advice had been tendered. But up in New Hampshire on Sunday, Mrs. Lillian Carter, the President's mother, told a rally "I hope to goodness nothing happens to him" if the Senator does run next year. She was booed by Kennedy partisans, and subsequently apologised.

An element of needle has thus been firmly inserted into the "phony war" that always precedes the election campaign proper. It has always lurked beneath the surface, since the Carter and Kennedy camps dislike each other, but up until now, in spite of the Senator's big lead over the President, it has been more or less restrained.

Intuitive guesswork

It has to be pointed out that neither man is yet a candidate and it is at least conceivable that neither will be. There is a strong, if minority, school of thought in Washington, admittedly deriving its arguments more from intuitive guesswork about the President's character than any hard evidence, which believes it possible that Mr. Carter will simply not seek re-election—even though his campaign apparatus is in order.

But for the Senator, titular head of the leading American post-war political family, it is now clear that he faces some ten weeks of intense analysis on his future plans. Between now and the Thanksgiving holiday towards the end of November—the deadline he has set himself for a decision on whether or not to run—he will be focusing on three principal areas:

● President Carter's chances of renomination by the Democratic Party: Mr. Kennedy's preference is probably still for a second Carter term in the White House, but if it looks as though the President is going to be beaten for the nomination by such as Governor Jerry Brown of California, he will probably intervene. If, as has recently been suggested, Vice President Walter Mondale, whom Mr. Kennedy likes and admires, appears a viable candidate, the Senator's decision is more imponderable.

● The chances of any Democratic nominee, of all whom trail Mr. Kennedy by wide margins in the public opinion polls these days, beating whomever the Republicans choose. Again recent surveys have put Mr. Carter behind several prominent Republicans, most notably Mr. Ronald Reagan, the former California Governor. Mr. Kennedy clearly would not sit on the sidelines if a conservative Republican seemed set for the Presidency.

● The state of the nation, and particularly its economy: There has always been the potential for ideological disagreement between Mr. Carter and the Senator, though for much of the last two and a half years this has cropped up only intermittently. If the Carter administration does not move decisively to combat the current recession in the months ahead, the naturally more activist Mr. Kennedy may conclude there is no alternative but to enter the fray.

According to intimates, the Senator's opinion on the political future of President Carter has become much more gloomy in the past month. He is aware, however, that, no matter what his current lead over Mr. Carter in the polls may be, it will be no easy matter to take on and defeat an incumbent President without seriously splitting the Democratic Party.

Senator Robert Byrd, a leading Democrat, pointed over the weekend to the inherent divisiveness of such a confrontation, but did not go so far as to warn Mr. Kennedy not to enter the race. Many other political seers in Washington, however, have interpreted Friday's announcement of the Kennedy family's blessing for a presidential campaign as a necessary prelude to a formal bid.

Florida convention

A key date in the Senator's calendar will be October 13 when Florida Democrats meet to choose delegates for a convention a month later. Florida is a critical early primary state next March, one which put Mr. Carter solidly on the road to the White House in 1976, and though the November convention will produce no binding decisions, it is seen as the first test of the relative strengths of Mr. Carter and Mr. Kennedy in a state hitherto well disposed to Mr. Carter.

Such a practical test well ahead of next year's primaries is doubly important, because of the inherent suspicion attached to pre-election year public opinion polls. It is unlikely that President Carter is actually as weak as he currently seems, as measured by the polls. It is worth remembering that in 1971, only a year before the second greatest landslide in history, President Nixon was found to be behind Senator Edmund Muskie from Maine.

As the election itself approaches, the voting public tends to concentrate more on the respective, and real, merits of candidates, as opposed to their theoretical attributes. This has been a persistent consolation to Mr. Carter's advisers in recent months, and it is a fact which is appreciated by the Kennedy coterie.

But it is now clear that Mr. Kennedy has put himself in the position of being able to run, if he thinks it imperative that he do so. He has thus avoided the trap which ensnared the late Senator Hubert Humphrey, who in 1972 and 1976 tended to assume that the party would come to him. It never did, demonstrating that in modern politics the Presidency is a prize that has to be won the hard way.

Congressman urges $17bn increase in federal spending

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE CHAIRMAN of the House Budget Committee yesterday proposed a $17.3bn increase in U.S. federal spending for the fiscal year beginning next month above the ceilings tentatively laid down by Congress earlier this summer.

Congressman Robert Giaimo, the Democrat from Connecticut, said that this was made necessary by a combination of factors, including larger outlays on military spending, the cost of President Carter's energy proposals and, above all, the impact of inflation on existing programmes.

Mr. Giaimo said that he was opposed to any stimulatory tax cut in the immediate future, a position diametrically opposite to that advanced yesterday morning by two Republican senators, William Roth of Delaware and John Danforth of Missouri, who called for spending cuts of a magnitude to make possible a $24bn tax cut.

Congress is operating under a tight schedule to meet its obligatory commitment to have the budget cut and dried in the next few weeks. Its final draft could have a substantial impact on measures the Carter Administration might propose to remedy the current recession.

This was discussed at the first full session of the President's revamped Cabinet yesterday morning, at which Mr. Charles Schultze, chairman of the council of economic advisers, presented the latest analysis of the state of the economy.

Mr. Giaimo acknowledged that his proposals would add at least an extra $10bn to the federal budget deficit, last projected for fiscal 1980 in the $29bn range. He said he took no pleasure in recommending a higher deficit, but said that economic realities made the increase necessary.

Dollar holding steady as the gold rush goes on

BY DAVID BUCHAN IN WASHINGTON

BARRIERS ARE again likely to be broken next Tuesday when the U.S. Treasury opens its monthly gold auction.

Although some profit-taking by dealers at the end of last week cut the price in London exchanges from $343 an ounce to $331.37½, there seems little doubt that the average price at the Treasury auction will be higher than the $301.08 average achieved at last month's auction. When the Carter Administration sold its first batch of the metal in May, 1978, the average price was just $180.35.

At the same time, Treasury officials are nervously keeping their fingers crossed that the dollar stays relatively firm on the foreign exchanges. So far, the latest upsurge in gold prices appears to have broken the link that was regarded as existing between gold and the dollar as late as last autumn. Then gold rose, as the U.S. currency went down against other currencies.

This was the major factor that led the Carter Administration last November to increase the amount of gold it was offering on auction each month to 1.5m oz. (Since April this has been halved to 750,000 oz). Now senior Treasury officials comment that there seems to be a general interest in gold as a hedge against world-wide inflation, and not just against a slipping dollar. Even some Deutsche Marks and Swiss francs are being sold to buy the yellow metal.

Nor is gold the only commodity attracting investor attention, Treasury officials point out. Silver prices have risen more than 80 per cent since January, or twice as fast as the gold market price.

Some people at the Treasury also note that increased political unrest in the Middle East, such as at the present time of tricky negotiations over the Palestinians, and upsets in Iran, always tends to whet the appetities of investors there for the perceived solidity of gold.

How long the dollar can remain steady on the foreign exchanges will, of course, hang on key U.S. domestic factors—how seriously the Carter Administration is seen to be combating domestic inflation, and how long the Federal Reserve keeps U.S. interest rates at their present peak or pushes them higher.

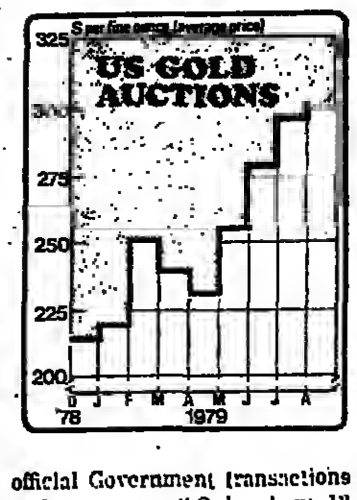
The 13.05m oz sold so far have brought in $3.1bn into the Federal exchequer. The Treasury refuses to say how long it intends to continue the auctions, but says it will sell 750,000 oz each month until further notice. It still has a virtually inexhaustible supply left—265.9b oz—in its coffers.

The most pressing reason for the U.S. decision to make regular sales of gold was the need to improve the country's trade deficit. Many, indeed most, of the buyers at its auctions have been foreign banks and dealers, most notably Dresdner Bank of Frankfurt, which spectacularly scooped 96 per cent, or 720,000 ozs of the gold sold in the Treasury's August auction.

The volume of Treasury sales has probably turned the U.S. into a temporary net exporter of gold and has certainly reduced bullion imports into the U.S. which are down from 7.9m ozs of gold in 1977 to 4.4m ozs in 1978.

A second stated aim of the Carter Administration, like its predecessors, was to downgrade the role of gold in the world monetary system by showing that the U.S. set no special store by its gold hoard and was willing to sell it off like any other commodity.

The core of the U.S. objection to gold is that its supply is too unstable and volatile to provide a sure basis for the world money system, and for expanding world liquidity. Production and mining of gold is fairly reliable, but with large fluctuations in commercial and industrial use of gold, the amounts left for monetary use—and speculators—are difficult to predict.



The IMF shares some of the U.S. reservations about gold and with the U.S. strongly in support the fund has pushed its own form of "paper gold," the special drawing right (SDR). Ironically, the fund, like the U.S., has benefited from the present high price of gold, raising almost $3bn in its monthly gold auctions in the last three years. The proceeds have been used for the benefit of poorer IMF members.

If the U.S., and for that matter the fund, thought their monthly sales would depress or slow down the rise in gold prices, they were clearly wrong. A lot of private investors obviously regard gold as the soundest investment going, or at least a prudent diversification.

What really counts, says the Treasury, is the role of gold in official Government transactions and reserves. "Only about 12 countries in the world have reported any increase in their gold holdings since 1972 and the increases are quite small," says Mr. Lyle Widman, deputy Under Secretary for Monetary Affairs.

World-wide holdings of gold in reserves declined slightly from 1.177bn ozs in 1972 to 1.139bn ozs in March this year. The only major increases in holding were by the oil exporting countries. Most of the increase in industrialised countries' holdings was caused by a book-keeping change in Japan.

Mr. Widman concludes that there therefore has been a gradual "demonetisation" of gold, which he stresses is only a very long term U.S. goal. He does not interpret the arrangements inside the European Monetary System (EMS), whereby European Currency Units (ECU's) are partly backed by gold, as going against this.

Where gold prices are headed is virtually anybody's guess, and no official in Washington is making any predictions. One unknown is how long the U.S. Treasury will continue its sales, and in what volume. The IMF is due to end its four-year series of monthly auctions next May, thus cutting off an important source of supply (about 10 per cent of total world supply in 1978).

On the other hand, general economic recession could well squeeze demand, especially from the jewellery industry, which last year consumed 39m ozs of the total 56m ozs available worldwide. In the 1974 recession, jewellery demand for gold dropped to 7.5m ozs. That could happen again.

Bell Canada pay deal agreed after strike

BY VICTOR MACKIE IN OTTAWA

BELL CANADA and its 15,000 technicians and maintenance workers have reached an agreement on a new three-year contract.

The employees voted 79 per cent in favour of accepting a contract which will give them a 10.5 per cent wage increase backdated to December 1, 1978, with a further 10 per cent increase from December 1, 1979 and an extra 9 per cent from December 1, 1980.

The agreement ends a month-long strike. Workers are expected to be back on the job today.

Eurocurrency finance likely for Third World

BY DAVID DODWELL

EUROCURRENCY lenders with "an embarrassment of funds" are likely to step in to ease the widely-predicted debt-repayment crisis faced by many of the world's developing countries, according to a director of the International Finance Corporation, the hard-loan arm of the World Bank.

Mr. Dick Richardson, development department director of the IFC, said at a briefing in London yesterday that commercial banks throughout the West, with increasingly higher levels of funds on their hands, cannot in the short term be as selective as before about the sort of projects they finance.

"You could say that bankers are taking an increasingly liberal view of risk-taking," Mr. Richardson said.

Private capital flows to developing countries surged by 70 per cent in 1978, while Eurocurrency credits almost doubled the 1977 level. Private capital investment totalled $52bn in 1978.

Current external debts in developing countries rose from $90bn to $250bn between 1972 and 1977. Almost 50 per cent of outstanding debt at the end of 1977 was due to be repaid by 1982. Of this, the share of private debt to be repaid by 1982 is 70 per cent.

Mr. Richardson felt confident that western bankers, who are "having to become statesmen," would be amenable to rolling over debts, offering refinancing arrangements, and switching to loans of longer maturity.

There has been concern among economists at the World Bank and the International Monetary Fund that an increasing amount of developing countries debts are soon due to mature. This is due to a higher proportion of short-term commercial borrowing over five or 10 years.

The World Bank itself would lend on more lenient terms, often with a long grace period, and with up to 50 years for repayment, said Mr. Richardson.

GDP growth fall in Latin America

By Our Own Correspondent

ECONOMIC GROWTH in Latin America slowed to 4.8 per cent last year, compared with 4.5 per cent the previous year and 4.7 per cent in 1976, according to the Washington-based Inter-American Development Bank.

The gross domestic product, in 1976 dollars, was $354.7bn in 1978. The population of the region grew 2.8 per cent to 329m last year.

The bank's report points out, however, that GDP growth varied sharply from country to country. Five Latin American countries had negative growth—most significantly Argentina, where the decline was 4.1 per cent, due to an inflation rate of 175.5 per cent.

The civil war in Nicaragua contributed to a fall in that country's GDP of 5.9 per cent.

Canadian report 'kept from Ministers'

BY VICTOR MACKIE IN OTTAWA

SENIOR federal bureaucrats are concealing important documents from some Canadian Cabinet Ministers in the new Conservative Government, the Prime Minister's office said yesterday.

The practice, disclosed last week with the leak of a confidential Defence Department report, is causing concern within the Prime Minister's office which fears the potentially embarrassing situation in which the fledgling Government could find itself in the new Parliament. The Parliament's sitting starts on October 9.

Mr. Allan McKinnon, Defence Minister, confirmed yesterday that he had not been shown a confidential report concerning negotiations with two companies over the purchase of a new jet fighter.

The report, leaked last week to the media, appeared to support criticism voiced by Mr. McKinnon when in opposition, that McDonell Douglas was on the negotiatting short list only as a "straw man" to be used as a lever in getting better terms from General Dynamics for its F-16 fighter.

Mr. McKinnon said he had not seen the report before it appeared in the Press. Several of his senior staff members also claimed they were unaware of the report's existence.

An official in Prime Minister Joe Clark's office said: "This is typical of what is happening to some of our Ministers."

At the root of the problem, he said, is the feeling among senior bureaucrats that the Conservative Government is only an "aberration"

FAA scraps plan to control small aircraft

BY JOHN WYLES IN NEW YORK

INTENSE and apparently successful lobbying by the owners and users of small aircraft has prompted the Federal Aviation Administration to scrap plans which would have substantially increased its control of the U.S. air traffic system.

The FAA decided to seek a tighter grip of inter-city flight movements after a collision above San Diego's Lindbergh airport between a Pacific Southwest Airlines Boeing 727 and a small Cessna aeroplane which cost 144 lives.

The agency aimed to increase its control by lowering the flight ceiling from 18,000 ft to 10,000 ft above which it would guide all inter-city movements. It also planned to add 44 airports to the current list of 23 which are covered by mandatory aircraft control.

Claiming that the proposed new regulations would increase congestion in controlled airways and would require aircraft owners to install expensive new equipment, the general aviation lobby inundated the FAA with more than 43,000 comments.

At the same time it went to work on the aviation subcommittee of the House Public Works Committee, which recently voted to bar the FAA from imposing the new rules.

The FAA is now withdrawing its proposal to extend its control of airspace and reducing the number of cities whose airports will be governed by mandatory control from 44 to 38.

Mr. Langhorne Bond, the FAA administartor, says that the agency will maintain its efforts to find "effective solutions" to the risk of collisions on inter-city flights. It will expand its study of the uses of U.S. airspace and attempt to involve airspace users and the public in the search for measures which would reduce risks of collision.

WORLD TRADE NEWS

GATT warns of inflation threat to trade growth

BY BRIJ KHINDARIA IN GENEVA

THE RECENT oil price increases have added a new element of uncertainty to the prospects for steady growth in world trade at a time when inflation rates have again begun to move upward in most countries.

The latest annual report of the General Agreement on Tariffs and Trade (GATT), which reviews world trade up to mid-August 1979 and analyses prospects for next year, says that the resurgence of inflation even in strong currency countries (such as Switzerland and West Germany) is an ominous sign for the future.

"The world economy has been stumbling along for most of the decade in a vain effort to recapture the earlier confidence and progress. Any policy which does not have price stability as its primary objective is fraught with fearful risks," the report says.

The value of world trade in 1978 amounted to $1,300bn, an increase of about 16 per cent in dollar terms. The corresponding increase was about 6 per cent compared with about 4.5 per cent in 1977.

The volume of world trade in agricultural products, which remained unchanged in 1977, increased by nearly 8 per cent last year. But mineral exports increased by only 1 per cent because of oil production cutbacks by exporting countries.

Export prices of primary products other than fuel continued their upward movement begun in late 1978 because of substantial price increases in industrialised country exports.

Although the industrialised countries have increased imports from developing countries at a faster rate than goods exported to the Third World, the richer nations continued to have a huge trade surplus in manufactures. This surplus now stands at a record $120bn, an increase of $20bn over the 1977-78 period.

The more advanced developing countries last year increased their exports to the West in sectors such as engineering goods which unlike textiles have not yet come in for protectionist measures.

China's imports from industrialised countries increased by nearly two-thirds last year compared with the previous year.

Norwegian shipping earnings improve

BY FAY GJESTER IN OSLO

CROSS foreign currency earnings by Norway's merchant fleet this year are likely to reach NKr 21bn (£1.95bn), 17 per cent up on 1978, while net currency earnings will rise by about NKr 1bn to NKr 8.8 bn, according to Mr. Kjell Storvik, deputy managing director of the Norwegian Shipowners' Association.

On top of these higher earnings, said Mr. Storvik, came the benefit to the country's payments balance resulting from lower imports of new ships, combined with higher exports of second-hand ships.

A consequence of the prolonged shipping crisis, this reflects the fact that many Norwegian shipowners are selling off ships to buyers in lower-cost countries. But it was possibly a rather dubious benefit, he said.

The net reduction in Norway's merchant fleet last year amounted to 6.4m dwt, and this year would see a further fall of 3.8m dwt. This represented a loss of 9,500 jobs over the two years, Mr. Storvik said.

However, only 5.6 per cent of the fleet, by tonnage, was now laid up, compared with 33 per cent three years ago.

Nigerian curbs may halt production at Peugeot plant

BY MARK WEBSTER IN LAGOS

THE LARGE Peugeot car assembly plant in northern Nigeria may have to shut down because of a Government deadline to the company to comply with regulations on airfreighting.

The company, which airfreights about 1,000 tonnes of car parts every week to its factory in Kaduna, is believed to have been given two weeks to comply with a measure controlling airfreighting introduced in this year's Budget.

In the Budget is was stated that companies would have to give a good reason why they were airfreighting rather than using the sea ports. At the time, the measure was explained by the Government as a move to relieve airport congestion while the ports were considerably under-used.

Peugeot has 10 flights weekly from Lyon to Kano with Boeing 747s of the French airline UTA carrying parts for the assembly of 170 vehicles a day. Although some parts are locally manufactured, most are ferried from France.

Peugeot's best-selling 504 might have to go out of production if the flights are halted, because it would take months to put an alternative delivery system by sea and then by road or rail, into operation.

Peugeot has been airfreighting since 1975 and has found that the unit cost is competitive with sea shipment, especially considering the distance the parts have to travel by land once they reach one of the big southern ports.

Since the Budget statement no decree has actually been published by the Government, but it has been left to the Central Bank to put the idea into practice. The Central Bank has used its circulars to companies in order to make the statement effective.

Officials say that companies with a genuine reason for carrying cargo by air have been allowed to continue the practice. But they say it seems that an example is being made of Peugeot because it has not complied with the spring Budget statement.

Peugeot in Lagos did not wish to make any comment, but it is believed that negotiations are carrying on between the company and the Government in order to get some delay on the enforcement of the order.

Alitalia places $580m order for Boeing 747s

BY PAUL BETTS IN ROME

ALITALIA has placed a $580m (£250m) order for nine Boeing 747-200 aircraft, the Italian company reported yesterday.

The deal replaces Alitalia's earlier plans to buy Six McDonnell Douglas DC-10/30 aircraft.

Alitalia said it had cancelled a preliminary agreement for the purchase for more than $300m of six DC-10s because the Italian Government would not approve the deal in time to meet the company's long-haul fleet planning and development requirements.

Delays in Italian Government approval for the DC-10 deal announced by Alitalia last May followed the Chicago air disaster and doubts over the safety of the aircraft.

Alitalia also confirmed details of its $1.3bn longer-term programme for the renewal and expansion of the company's long- and medium- and short-range passenger and cargo fleet. This includes the purchase of eight Airbus A-300/B4 aircraft for $310m for delivery between April, 1980 and February, 1982. Alitalia has an option for a further three Airbus aircraft for delivery in 1982-83.

The latest contract with Boeing signed in Seattle involves the purchase of five 747s in the "combi" half cargo and passenger version and four in the full passenger version. The $580m contract also includes the purchase of spare engines and rotation equipment.

Government approval for all but the fourth passenger 747 aircraft has been granted with full approval for the remaining aircraft widely expected.

Moreover, Alitalia also announced yesterday it had signed an additional agreement with Boeing whereby its five 747s already in operation in the Alitalia fleet since 1970-72 will be sold back to the U.S. manufacturer for $140m.

Michael Donne adds: Aircraft orders worth more than £160m have been announced over the past weekend, by both Boeing and McDonnell Douglas.

McDonnell Douglas said that Aeromexico was buying two DC-10 long-range tri-jets and six short-to-medium range twin-engined DC-9s, for a total cost of about $198m.

The U.S. Export-Import Bank of Washington said that it had approved financing of $152.5m for the purchase of Boeing jets by China Airlines of Taiwan and a Norwegian charter airline.

China Airlines is buying two Boeing 747s and spares, while Atrexecutive of Norway is buying a 737 short-range jet.

● Cargolux of Luxembourg and Spantax of Spain have decided to re-engine their existing narrow-bodied DC-8 jet airliners with the new Franco-U.S. Snecma-General Electric CFM-56 engines.

These deals, worth more than $53m, are with Cammacorp of Los Angeles, the project manager of the re-engining programme.

They are additional to previous orders from United Air Lines, Flying Tiger and Delta, all of the U.S., to re-engine their DC-8s with CFM-56s, and bring total CFM-56 orders to date to over $500m.

Swiss consider new export risk fund

BY JOHN WICKS IN ZURICH

THE SWISS Government is investigating the possibility of forming a special Federal fund for the running of the country's export risk guarantee programme.

Industry and other interested parties are to be asked for their opinion on the formation of such a fund, which would be responsible for export and currency risk commitments totalling some SwFr 23bn (£6.2bn) at the end of 1978.

Swiss exporters have been complaining at the integration of the export risk guarantee system in the Federal exchequer.

Although up to now claims have been wholly covered by premiums, payments are listed annually by the Government as Federal contributions, thus leading to the belief that the export industry is subsidised by the State.

Also, the large reserves resulting from the excess of premium income over claims have not been set aside to earn interest for the system.

The Government itself points to growing claims on the ERG system and says that provisions are likely to cover claims for no longer than until 1981, after which the Government will have to contribute to the scheme.

Since an independent fund would mean a massive rise in premiums and high administrative costs, the Federal council foresees a Federal-administered institute without an individual legal entity.

Offshore Centre to widen activities

BY RAY DAFTER, ENERGY EDITOR

THE OFFSHORE CENTRE, a UK-based marketing organisation serving companies involved in the offshore oil and gas industries, is to expand its interests to cover all major energy forms.

The expansion follows an invitation from the Argentine Government to the Offshore Centre which has been asked to organise a trade mission to Buenos Aires in November.

The talks will involve not only the exploitation of oil and gas—onshore and offshore—but also the development of other energy forms including hydro-electric power, nuclear power and coal.

Sr. Alejandro Estrada, the Argentine Secretary of Trade and International Economic Relations, has told the Centre that the visit could lead to the initiation of joint venture operations, provisions of technical services and "investment in the vast scope of our energy programme."

As a result of the invitation the Centre has told its 250 company members—most of them based in the UK or on the Continent—that the time is ripe to expand the organisation's interests beyond just the offshore oil and gas sectors. It is pointed out that many of the members serve a number of energy sectors anyway.

The Offshore Centre describes itself as a private enterprise business communications link between governments, trade bodies and international energy corporations on the one hand and contractors and suppliers on the other.

● British oil companies and manufacturers of oil related equipment stand on the threshold of a multi-million pound market in South America, according to a South American oil executive.

Dr. Fernando Mendoza, secretary-general of the Association of Latin American State Oil Companies, said at a meeting at the Aberdeen Offshore Europe Exhibition this week: "They are in a very good position to get a good share of the Latin American market. I expect Latin American companies will buy in British expertise and equipment."

The total worth of the market over the next few years for the four largest oil-rich countries, Argentina, Venezuela, Mexico and Brazil, is reckoned to be £45bn. Over the next two years alone Brazil will spend £17bn, Mexico £20bn in six years, and Venezeula £5bn in seven years.

Brazil to examine limits

BY DIANA SMITH IN BRASILIA

BRAZIL'S wide range of restrictions against imports are to be closely studied and debated in the next few months, according to Sr. Karlos Rischbieter, the Treasury Minister.

The restrictions range from high tariffs and taxes, market reserves for some Brazilian-made items and a "similarity law" banning imports of specific pieces of capital equipment capable of production in Brazil to a compulsory deposit regulation for selected raw materials imported from outside the Latin American Free Trade Area. The regulation requires a 100 per cent deposit on the value of the goods to be imported.

In the first half of this year, the compulsory deposit regulation brought in Cr75bn (£1.3bn) to the Treasury. Last year, Sr. Mario Simonsen, then the Treasury Minister, said Brazil would phase out the compulsory deposit system through semi-annual cuts of 10 per cent until it was fully abolished by the end of 1983.

But Sr. Rischbieter told reporters that the idea of phasing out the deposit more rapidly—such as with quarterly cuts—or its total abolition before 1983 would be discussed.

While he said no decision has yet been taken on it, he emphasised that "of one thing you can be sure, we will not slow down the phase-out."

Sr. Rischbieter indicated that the Government favoured more selective import restrictions, not the current "blanket" deposit system.

As for the similarity law, its modification or abolition is already under study by the Ministry of Trade and the Bank of Brazil's foreign trade bureau, not without grumbles from Sao Paulo, which is the heart of Brazil's capital goods industry.

Saudi contract for UK

BY RHYS DAVID

THE North West Electricity Board in Manchester has won a second contract worth £5m to help modernise the electricity undertaking in Riyadh.

A 50-member team of engineers, administrators and accountants from the Board and a number of other UK area electricity boards have been working in Riyadh since 1973 under an existing two-year contract.

The new contract has been negotiated by the Saudis with British Electricity International, the overseas consultancy service of the electricity supply industry. It is hoped the Riyadh contract will provide the basis for further deals involving UK electrical equipment manufacturers and the supply industry.

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UK NEWS

Howell hints at BNOC assets' sale

BY RAY DAFTER, ENERGY EDITOR

MR. DAVID HOWELL, Energy Secretary, hinted yesterday that the Government would go ahead with the sale of some British National Oil Corporation assets.

Such a move would introduce private capital into the state undertaking, in spite of mounting political opposition.

However, at today's Cabinet meeting Mr. Howell will probably urge that the corporation should at least be allowed to keep its most attractive North Sea oil interests. These include Ninian and Thistle Fields.

The Government has asked BNOC for a list of possible disposals, which could raise up to £400m for the Exchequer.

BNOC has told Mr. Howell that, if it must sell off some of its assets, it would prefer to dispose of its Viking gas interests and its oil interests in the Statfjord and Dunlin fields. But the corporation's chairman, Lord Kearton, has made it plain he is against any disposal. The corporation has recommended four alternative money-raising methods.

Lord Kearton will probably be overruled, in spite of strong support from Mr. James Callaghan, Opposition leader. Mr. Callaghan has warned the Government that to dispose or lose control of part of Britain's national resources would be to "sell the seed corn of the future."

Mr. Howell yesterday described Mr. Callaghan's comments as an exaggeration. Speaking after a visit to British Petroleum's Forties Field, Mr. Howell said he had told the Commons that future plans for BNOC included the disposal of assets and the bringing in of outside capital. "My guess is that there will be both."

Earlier, the Energy Secretary had said that the "excellent success" of the North Sea development programme was a tribute to private and nationalised industries working together. But he pointed out that private industry had provided 92 per cent of the £10bn investment in the oil and gas activity.

Speaking in Aberdeen, Mr. Howell likened the development of the North Sea to America's lunar exploration programme. Ten years ago a man first landed on the moon. About the same time—in September 1969—oil explorers discovered Britain's first offshore field, Montrose.

"The achievement in bringing Britain's oil ashore over the last ten years is just as remarkable as the moon programme."

Britain had moved to a position, achieved in June, where it was producing more oil than it was consuming.

"Those responsible for this remarkable feat have been working at the frontiers of technology, no less than their counterparts in the space programme."

Amoco, as operator for the four-company group in the Montrose Field consortium, is considering ways of exploiting a small reservoir to the south of the field. The group, which also includes Amerada Hess, British Gas and Texas Eastern, may well take a development decision next month.

In the meantime, Amoco has chartered the Sedco 703 rig to drill an appraisal well on the South Montrose structure in blocks 22/17 and 22/18 to see if it is worth commercial development. Recoverable reserves are believed to be about 50m barrels. This is tiny by North Sea standards. The recovery rate could be about 15,000 barrels a day.

If the Amoco group decides to go ahead, it will use an inexpensive production system, go ahead. it will use an possibly a simple steel structure, underwater units or a floating platform. The group has ordered a steel drilling frame (template) from McDermotts of Ardersier.

Joseph in Chrysler talks with French

By John Elliott, Industrial Editor

THE FUTURE of PSA Peugeot-Citroen's investment in Britain's Chrysler car plants, which are shut by a strike, will be discussed with the French Government by Sir Keith Joseph, Industry Secretary, when he visits Paris at the end of this week.

Sir Keith will be in Paris for two days for talks with M. Giraud, the French Minister for Industry, on general industrial collaboration between the two countries.

The meeting was arranged several weeks ago under the umbrella of the two-year-old Anglo-French industrial co-operation agreement drawn up when President Giscard d'Estaing visited Britain at the end of 1977.

M. Giraud attended talks in London in May last year but, despite these and other meetings between Government officials of the two countries, no major initiatives have emerged from the co-operation agreement.

EEC move to aid garment industry

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE EUROPEAN Commission is to fund a £67,000 research programme into new ways of making clothing which could enable European companies to be more competitive against low cost developing world producers.

The project was proposed by AEIH, the European Clothing Manufacturers Federation. It will be carried out by an international team reporting to the London office of Kurt Salmon Associates, U.S.-based management consultants specialising in the textile and clothing industries.

The study, due to be completed before the year-end, will seek to identify areas for further commission-sponsored research and development. It will look in particular for ideas which could lead to labour reductions, which would benefit high, rather than low wage cost countries.

The project is being undertaken against a background of continued decline throughout the industry in Europe due to steady growth in fibre, fabric and garment imports from developing countries with low labour costs.

Employment in clothing in the EEC at about 1m is down by 300,000 over the past decade, with the biggest decline in high labour cost countries, such as the Netherlands.

The Commission, by sponsoring the study, appears to acknowledge that Europe should try to retain a viable clothing industry rather than allow developing countries to supply Europe.

However, it is being made clear that if the industry is to survive, it will do so through technical advance rather than various forms of protection such as quotas.

KSA's consultants will talk to about 50-100 organisations including clothing machinery manufacturers, international clothing companies such as jeans makers, and high technology groups which may have processes which could be transferred to clothing.

In garment-making generally, most attention recently has been on improving methods and speeds of cutting and stitching fabric. But some 80 per cent of the work content is in handling and manipulating fabric for machine working.

The KSA research will therefore concentrate heavily on ways of automating whole sequences of operations and transfers from process to process.

Robot technology and new ways of handling three dimensional clothing operations—such as fitting coat sleeves—will be researched.

Breakthrough

Other aspects to be covered include new methods of assembly involving welding techniques and physical and chemical adhesives, and processes to make fabric rigid temporarily for easier handling.

Mr. Stuart Hollander, senior vice-president of KSA Europe, said yesterday it was hoped their inquiries would bring to light, from various countries around the world, pieces of equipment and projects mothballed for cost or other reasons, but which together might achieve the breakthrough required to offset the advantage now held in clothing manufacture by low labour cost countries.

"We believe that because of the high cost involved and the long term nature of the research, no one firm is likely to be able to support the sort of research programme that is needed. When we have identified promising lines of development, however, individual companies or consortia could be invited to tender for research money which the Commission would make available

Navy order for GEC-Marconi

By Michael Donne, Defence Correspondent

THE GEC - MARCONI Electronics group has won a £25m order from the Royal Navy for integrated communications systems.

The systems will be produced jointly by Marconi Communication Systems and Marconi Space and Defence Systems.

They include transmitting, receiving, and other equipment for a further 20 ships of the Royal Navy, and brings to £40m the Navy's investment with GEC-Marconi in this type of equipment.

Arbitration for filling station licensees

By James McDonald

ABOUT 2,800 British petrol filling stations owned by oil companies and operated under licence will now be able to approach an independent arbitrator if their licences are terminated.

The oil companies' undertaking came into effect yesterday and schemes approved by Mr. Gordon Borrie, director general of Fair Trading, have already been brought into effect by Shell, BP, Total and Petrofina—the four companies owning petrol stations operated under licence.

In future, oil companies will be able to grant licences only on condition that they agree to an independent arbitration scheme with Fair Trading first.

The undertaking also provides that, in general, licences shall be granted for at least three years and that licence renewals will be on fair terms.

The undertaking was one of a number given to ministers in 1976 by all the major oil companies following the Monopoly Commission's first report on petrol supplies. Its formal implementation has been delayed to allow each of the oil companies first to agree to their arbitration schemes.

Arbitration schemes were introduced by Shell and BP in November 1977, by Total in June last year and by Petrofina in April this year.

Shell issues bleak fuel forecast

BY RAY DAFTER, ENERGY EDITOR

SHELL HAS issued a strong warning to energy consumers that they face insecure fuel supplies and the "threat of uncomfortably restricted availability" for some years ahead.

The company—the second biggest energy group in the world—says in a new briefing service report that energy demand over the next 20 years can be met only by a combination of conservation effort, continued oil exploitation and the development of every new source of energy available.

"This is a challenge to governments, to companies, to technical skills and man's innovation. Success will depend also on huge capital investment."

In a new projection of energy supply and demand balances, Shell estimates that demand in non-Communist countries could rise from its present level, equivalent to just under 93m barrels a day of oil, to perhaps about 165m b/d of oil equivalent by the year 2000.

Even assuming that about 25m barrels a day of oil equivalent (b/doe) could be lopped from this demand by conservation measures—efficiency improvements which could be achieved without affecting living standards—the energy industry would still have to provide an extra 50m b/doe by 2000, more than two-thirds of which would have to come from non-oil sources. Reviewing the various energy forms, Shell states that:

"Oil will continue to dominate world energy supply. Given new supplies from expensive recovery methods, shale oil, tar sands and substantial future discoveries, oil was likely to be available in today's volumes until well into the next century.

"Natural gas supplies should increase until well beyond the end of the century. Shell estimates that 20 to 30 new liquefied natural gas export projects will be on stream by 2000 in addition to the 12 now operational or in preparation.

"Coal use should also increase. Technically and economically recoverable reserves could last for hundreds of years, sustaining a substantial international coal trade.

"Nuclear energy, in spite of uncertainties, most meet an increasing share of world energy needs, says Shell. The accident at Harrisburg, Pennsylvania, had underlined that there was a 'no-risk future,' although it did indicate that in spite of human and equipment failure, hazards could be contained. If the world did not develop its nuclear industry the result would be 'constraints on energy use, further reduction in economic growth and consequential increases in unemployment'.

"Alternative energy sources, like hydro electricity, solar and tidal wind power, and biomass, would all make valuable local contributions to supply but they were unlikely to make a significant impact within the next two decades."

Pointing to the rising costs of developing new energy sources, Shell said that 10 years ago the group's capital expenditure of £593m was 40 per cent greater than its net income. Although by 1978 the group's net income had risen by more than two and a half times (to £1.1bn), capital expenditure had quadrupled to £2.35bn.

In the U.S. two new studies of oil supplies have concluded that while the world will probably avoid a repeat of the recent supply crisis over the next 18 months, the outlook beyond that is not very good.

"Barring unforeseen negative developments, a continued improvement in the near-term world oil supply and demand balance can be anticipated," says a study by the Petroleum Industry Research Foundation of New York. "In 1981 the market outlook becomes potentially more troublesome," it adds. The opinion echoes the conclusions in a recent study by the U.S. Central Intelligence Agency.

Process industries set to spend £12bn

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

CAPITAL SPENDING by the process industries is expected to total £12.68bn in the three years 1979-81.

Expenditure on process plant by the industries, which cover chemicals, oil, gas and electricity, is forecast at £5.19bn.

The investment forecast, published today by the economic development committee for the process plant industry, indicates a significant increase in expenditure during the current year. This will fall off in 1980 and 1981.

Offshore oil and gas accounts for more than half (£1.23bn) of the forecast expenditure on process plant in 1979, which totals £2.21bn. By 1981, this is expected to have fallen to £453m out of total spending of £1.28bn (all figures at October 1978 prices). Figures for steel have been excluded from the current forecast, because the British Steel Corporation has not completed its investment programme.

Spending on process plant in 1979 has been boosted by an increase in investment from the petroleum refining and electricity generation sectors. The decline foreseen in 1980 and 1981 is due principally to an investment drop in the offshore oil and gas, refining and chemicals sectors.

The forecasts are based on the investment intentions supplied by the Chemical Industries Association, the Department of Energy, the British Gas Corporation and the Central Electricity Generating Board.

The CIA estimates are an aggregate of intentions expressed by companies accounting for about three-quarters of the sector's capital expenditure, grossed up to allow for spending by the rest of the sector. The survey warns that the spending level "is perhaps greater htan current levels of demand and profitability justify."

The survey shows that the value of orders placed with British manufacturers of hardware by contractors in the UK increased sharply during the past year. In 1977-78 the figure was £135.7m compared with £194.2m in 1978-79 (at current prices).

The proportion of orders placed with overseas manufacturers also went up from £49.3m in 1977-78 to £69.6m in 1978-79.

Contractors are optimistic about the volume of design and construction business they expect to pass through their companies during the next five years. Most expect their level of activity to increase, or to remain stable.

Process Industries Investment Forecast. NEDO Books, £6.00.

Printing prices 'to weaken'

By John Lloyd

SERIOUS over-capacity in the West European printing and writing paper industry over the next five years is forecast in a report by English China Clays, whose products are used for coating fine quality papers.

The report, assuming a growth of 2.1 per cent a year in demand, says consumption in Western Europe plus exports will be 13.2m tonnes by 1983, while capacity will be 17.2m tonnes.

This over-capacity will have a "dampening effect" on prices. "These artificially low prices can only lead to a worsening in the return on invested capital, unless by mutual understanding operating rates are commonly reduced."

The report believes that "hidden subsidies" to the paper industry provided by most European governments—in the form of tax incentives, soft loans and regional employment schemes—will continue, together with non-tariff barriers.

In this case "operating rates will sink to around 76 per cent by 1983, with consequent weak prices. This will be the cost of over-capacity, which would not materialise if market forces of supply and demand were allowed free play."

The forecast for increased capacity is based on plans announced for 1.67m tonnes of additional capacity to come on stream by 1983, and a 2 per cent a year rise in productivity.

The U.S. is expected to become self-sufficient in high quality papers, and exports there are forecast to fall off.

Ingham to be Downing Street Press secretary

MR. BERNARD INGHAM, a former journalist, has been appointed chief press secretary to the Prime Minister.

Mr. Ingham, at present an Under-Secretary in the Department of Energy, will take over the post on November 1.

He succeeds Mr. Henry James, who is returning to Vickers as public relations adviser. A former head of the Central Office of Information, Mr. James was seconded to No. 10 Downing Street for six months after the General Election.

Mr. Ingham, who is 47, was an industrial and labour reporter on the Yorkshire Post and the Guardian before becoming Press and public relations adviser to the National Board for Prices and Incomes in 1967.

He was appointed Chief Information Officer at the Department of Employment in 1968 and was the department's Director of Information from 1973 to 1974.

For the next three years he served in a similar capacity at the Department of Energy before being promoted to Under-Secretary and head of the energy conservation division.

Liberals to reassess strategy

BY IVOR OWEN

IN THE wake of recent electoral defeats, this year's Liberal Assembly at Margate from September 24 to 29, will be dominated by a searching reappraisal of the party's philosophy and political strategy.

In spite of the reduced representation in the House of Commons—three former Liberal constituencies were captured by the Conservatives in the General Election—and the failure to secure even a single seat in the European Parliament the party managers are optimistically preparing for a Liberal revival.

Unveiling the final agenda in London yesterday, Mr. Michael Meadowcroft, chairman of the Liberal Party Assembly Committee, set the 1,200 delegates the task of "clearing the decks for success."

He insisted "We aim to be better prepared organisationally, strategically and politically than ever before."

In sharp contrast to last year's events at Southport the party managers have been assured that they will not have to contend with the unwelcome presence of Mr. Jeremy Thorpe, the former leader, who will not attend the Assembly this year.

This has encouraged the hope that the emphasis at Margate will be on policies rather than personalities.

Lively debates are promised on the role of community politics in the party's overall strategy, an attack by the Young Liberals on the concept of sustained economic growth, and on a renewed call for the fixing of a date for the withdrawal of British troops from Northern Ireland and their replacement by a UN peace-keeping force.

Mr. David Steel, the party leader will break with tradition by making his major speech to the assembly on the Friday afternoon instead of on the Saturday morning.

UK NEWS

CEGB joins uranium rush

BY PAUL CHEESERIGHT

THE Central Electricity Generating Board has emerged as the most likely UK candidate to seek a 50 per cent equity share of the Ranger uranium project, under development in the Northern Territory of Australia.

The stake has been offered for sale by the Australian Government, which has decided that the venture is not an appropriate state activity. The Australian Government wants firm proposals from potential buyers by the end of this month.

Confirming that it had expressed an interest in Ranger, the CEGB said it would consider submitting a proposal by the deadline, but it could not make a final bid.

The CEGB faces the difficulty that the Australian Government will not apparently reveal more information about Ranger than that which has already been published. Thus while it is known that Ranger is a good deposit and relatively cheap to mine, the lack of detail means that accurate costing of the bid is almost impossible.

A similarly tentative approach seems to have been adopted by Japanese power utilities who have also been in touch with the Australian Government. Indeed, there are thought to be about 40 possible contenders for the Ranger stake.

These contenders were widely supposed to include British Petroleum, which has recently extended its Australian mineral interests by entering a joint venture with Western Mining Corporation for the exploration and possible development of a copper and uranium deposit in South Australia.

But BP did not express an interest when it was given the chance to do.

Of other London groups, Rio Tinto-Zinc has become indirectly involved. Mary Kathleen Uranium, a Queensland producer which is 51 per cent owned by Conzinc Riotinto of Australia, which in turn is 68.2 per cent owned by RTZ, is investigating the possibility of a bid.

Consolidated Gold Fields and Selection Trust, however, have stood aside. Selection Trust is not associated with energy minerals, save for open-cast coal in the UK, while Gold Fields has been content to watch the situation through its Australian subsidiary.

Final bids for the Ranger stake are likely to cost about A$300m (£151m), made up of about A$50m for the equity stake, with the balance needed for assuming the Australian Government's previously agreed contribution of 75 per cent of the capital costs. The present private sector shareholders in Ranger are two Australian companies, EZ Industries, and Peko-Wallsend.

Possible CEGB involvement is consistent with its policies of building up links with the developing Australian uranium industry and at the same time of seeking additional security of supplies for its nuclear power stations by entering the mining industry at grassroots level.

The UK's uranium needs are expected to grow to 5,000 tonnes a year by 1990. Ranger is expected to start production at an annual rate of 3,000 tonnes in 1982-83.

The CEGB's uranium acquisition programme is now being conducted within the framework of the Civil Uranium Procurement Directorate, established last month with British Nuclear Fuels and the South of Scotland Electricity Board.

Norwich household rates up

By Eric Short

THE NORWICH Union Insurance Group has increased premium rates for household contents insurance.

From October 1, about 600,000 policyholders will pay between 5p and 15p more for each £100 sum insured.

The NU has revised its rating structure dividing the UK into four areas, instead of three. The highest premium rating covers certain London areas. Here rates have been lifted from 60p to 70p per cent.

Central Glasgow and Liverpool have been added to the remaining Greater London area for the second rating district. Here the new premium rate is 50p per cent, previously 45p for Greater London and 30p for Glasgow and Liverpool.

Certain areas in Manchester form the third rating area, the premium rates rising from 30p to 40p per cent. The fourth area covers the rest of the country with a rate of 35p per cent against 30p.

This increase reflects several factors which have sent insurance claims from private dwellings soaring—an increased number of thefts; a series of bad winters with accompanying storm and flood damage; and the effects of subsidence following the dry summer three years ago.

The NU was one of the first companies to insist on index-linked household insurance.

Brokers forecast 2% fall in car output this year

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CAR PRODUCTION in the UK is likely to fall by 2 per cent this year but recover slightly—by 0.5 per cent—in 1980, according to stockbrokers Hoare Govett.

Mr. Robert Pringle, Hoare's analyst, suggests that car output will be about 1.195m this year and 1.2m next. In the overall total he expects BL's output to fall by 12 per cent to 540,000 this year and a further 7 per cent to 500,000 in 1980.

Ford is expected to recover from last year's strike with a 33 per cent rise in production to 430,000 this year but to fall back by 2 per cent—reflecting an expected drop in demand—next year.

Of the other UK-based car makers, Talbot is forecast to show a 31 per cent fall to 135,000 this year but recover to 170,000 next year, a rise of 26 per cent. And, after a 4 per cent fall in 1979 to 81,000, Vauxhall should have a 23 per cent increase to 100,000 next year, says Mr. Pringle.

He suggests UK commercial vehicle output will follow the heavy demand and rise 13 per cent to 435,000 this year but drop back 7 per cent to 405,000 in 1980.

Mr. Pringle also makes the following major points:

Sterling strength has had a serious impact on the profitability of the motor component companies in the UK, particularly on exports.

Vehicle production worldwide is forecast to fall by 10 per cent next year (15 per cent in the main industrialised countries). This is considerably less than the 25 per cent drop in 1974, the calendar year after the last substantial rise in oil prices.

UK motor component companies should escape the worst of the impending recession with automotive profits anticipated to be unchanged next year, while activities linked to aerospace or specialised engineering should continue to make progress.

General Motors is expected to achieve the highest growth rate in car production in Western Europe over the next 10 years and this will provide many opportunities for the big UK component groups.

Wimpey wins £1m Shotton estate contract

BY ROBIN REEVES, WELSH CORRESPONDENT

THE WELSH Development Agency is pressing ahead on the Deeside industrial park—a major new industrial estate being laid out next door to Shotton Steelworks, where the British Steel Corporation wants to end steelmaking with the loss of 6,300 jobs.

The agency has awarded a £1m contract to Wimpey Construction to pump nearly 2m tons of sand over two miles to raise some 300 acres of low-lying land on the estate.

The operation will raise the land by more than three feet to provide the correct fall for drains and sewers for additional factories. It is due to be completed by December.

Work on developing the estate, which will eventually run to 375 acres, began several years ago when uncertainties over the future of Shotton steelmaking first appeared.

The WDA has already invested some £4.5m buying 160 acres of land and building 17 advance factories. Fourteen have been let or provisionally allocated to companies which expect to provide 550 jobs over three years.

The Steel Corporation's industrial diversification arm, BSC (Industry), has prepared 54 acres for development and supplied sites for five companies to build factories which promise more than 300 jobs.

Illegal tapes cost £150m sales

BY MAURICE SAMUELSON

RECORD COMPANIES have lost an estimated £150m in potential sales in the past year because of people recording music on blank cassette tapes.

This emerges from an analysis of 99 companies' performance in the past three years carried out by ICC Business Ratios. It says that the number of people illegally recording records and music at home is increasing.

Sales growth has been declining for record and tape producers, musical instrument wholesalers and retailers, publishers and general music companies. The main growth has been in the sale of singles records, but manufacturers make little profit in this market.

The main money spinners are long playing records. But there has been a 4 per cent decline in volume and only a 5 per cent increase in money terms, while inflation has risen at nearly 10 per cent. As a result, manufacturers' profits have been badly dented.

Consumers will spend £42m on blank cassette tapes this year. This places the UK second to Germany in Western Europe's cassette-using league, according to Memorex, a British audio-tape maker.

Blank cassette sales are increasing by 10-15 per cent a year, according to Memorex. At least 50 per cent of homes are believed to have a cassette recorder.

Memorex predicts that this year's total West European market for blank cassettes will be about £220m, a £25m increase compared with 1978.

The loss of recording companies' revenue comes at a time when the industry's profits are being hit by rising costs.

EMI Records, one of the world's three biggest selling record companies, announced a loss in the second half of the 1978-79 financial year. Its parent company, EMI, has sold half its interests in the record subsidiary to Paramount for almost £60m.

ICC Business Ratio Report on the music trade, published by Inter Company Comparisons, 81, City Road, London EC1Y 1BD.

Pilkington aid for new business in St. Helens

BY ELAINE WILLIAMS

PILKINGTON BROTHERS, Britain's biggest glass manufacturer, is to create a venture capital company to identify, aid and finance new businesses in St. Helens, the site of its largest factory.

The company is doing this—and supporting other local job creation schemes—because research has shown that few new jobs are generated by big, established companies like Pilkingtons.

New jobs are very dependent on the start and growth of new small companies. In the U.S. 66 per cent of all such jobs came from companies employing less than 20 people. About 80 per cent were provided by organisations less than five years old.

Pilkington is not in a position to provide new jobs. Its £25m new technology development plan at its float glass works would have cost a quarter of the jobs there. However, the unions advocated reduced working hours instead of massive redundancies.

Pilkington hopes there would be less resistance to job reduction if there are more opportunities in the area. The company believes it is under an obligation to help provide alternative employment.

If its local efforts are a success, Pilkington thinks it might result in a national movement with other companies joining.

It has already advanced a project to set up a small company called Industrial Building Components to make glass fibre reinforced cement by a year. The company was sited in St. Helens to alleviate unemployment.

Other involvements include supporting the work of the Community of St. Helens Trust which has already created 200 jobs; providing premises for small businesses and assisting the Merseyside Enterprise Forum.

Scrap deal for rail asbestos carriages

BY LYNTON McLAIN

BRITISH RAIL has signed an agreement with A. King and Sons, scrap metal reclaimers of Norwich, for the scrapping of railway carriages insulated by blue asbestos, the fibrous mineral which can damage lungs.

The contract, for an undisclosed sum, calls for the company to scrap 2,000 carriages over the next 10 years in a new, £500,000 purpose-built plant near Snailwell, Cambridgeshire.

British Rail said it had long had a problem finding outlets for old carriages insulated by blue asbestos. Under the Health and Safety Act, tight control has to be exercised over all scrapping operations involving the mineral.

Few scrap merchants have been prepared to invest the sums needed for plant which meets the Act's requirements.

British Rail said its contract price for the carriages took account of the company's investment in the plant.

Most of the railways' older carriages insulated with blue asbestos are expected to be offered to the Norwich company.

British Rail started stripping carriages of blue asbestos 11 years ago after the mineral's dangers had been confirmed by the Health Department.

A total of 6,000 railway vehicles had been insulated by blue asbestos by the late 1960s. It has been removed from over half the driving cabs and guard's compartments of stock to be returned to service. The total programme is likely to cost £40m.

Ferry service expands

P & O Normandy Ferries has bought a third ship for its Dover/Boulogne cross-Channel route.

The ship, which will be renamed Panther when she enters service next February, is a sister ship of the 3,961-ton Tiger, one of the existing ships on the route. She was built in Denmark in 1972 and has since been operating in the Baltic.

The three ships will offer 24 daily crossings at two-hourly intervals. Operating at speeds of up to 20 knots, on each 100-minute crossing Panther can carry 1,000 passengers, 250 cars and up to 25, 15-metre freight vehicles.

Modifications and improvements costing more than £2.5m, including stabilisers, will be carried out before Panther enters service.

The number of cars, passengers and freight carried so far this year has already broken record figures, says the company.

Lord Inchcape, chairman of the P & O, announced the addition to the fleet during a visit to Dover and Boulogne and said: "We are pleased to have acquired Panther."

Death of Mr. Kirkpatrick Young

Mr. Kirkpatrick Lee ("Pat") Young, senior partner of City accountants Dearden Farrow, has died after a short illness. He was 63.

Recently, Mr. Young was one of the Department of Trade inspectors in the Dowgate and General Investments inquiry.

He was chairman of Associated Paper Mills, honorary treasurer of the British Paper and Board Industry Federation, and a director of Industrial and Commercial Property Unit Trust.

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SIR MICHAEL EDWARDES ANNOUNCES DRASTIC CUTS AT BL

13 plants and 25,000 jobs being axed

BL yesterday announced that it plans to cut its work force by at least 25,000 over the next two years from its present 165,000. Sir Michael Edwardes, chairman of BL (formerly British Leyland) warned in a letter to employees of the complete or partial closure of 13 car, bus and engine plants, while the future of 36 others would also be considered.

The first casualty is the Park Royal factory, in North London, which makes Titan double-decker buses.

Car assembly will cease at Canley, Coventry, and at the MG plant in Abingdon. There will be major cutbacks at the Castle Bromwich body plant, at Tile Hill, Birmingham, and at West Yorkshire foundries, Leeds.

BL's Belgian plant at Seneffe is to be reviewed, the foundry at Tipton, Yorkshire, will close and plans have been shelved for another aluminium foundry in Yorkshire.

Sir Michael said:

Profit before interest and tax increased to £47.7m for the half year. Profit before tax increased from £17m to £20.1m. This level of profit is clearly inadequate to generate enough surplus to fund the investment programmes which are so vitally necessary.

The main contribution was made by car operations at £19m before tax, compared with £14m for last half-year, with commercial vehicles recording an improvement at £5m against a break-even in the same period of last year.

The road hauliers' strike in January and the Longbridge dispute in February were very damaging in lost production, sales and profit, but consistent production has been achieved generally since then. In commercial vehicles 92 per cent of the production target was achieved against 74 per cent for 1978 as a whole.

Balance sheet

Because disputes and production interruptions have been sharply down since February, management has been able to give more time to running the business. We have made some progress from an organisational point of view.

Decentralising the car operations has re-established identity and therefore pride at the various manufacturing sites. Nevertheless, much remains to be done to improve efficiency.

We are helped at this point in time by a strong balance sheet. There have been suggestions in the Press that we have a current cash crisis. This is quite wrong —we have no immediate cash problem. Indeed, we have several hundred million pounds of unused private sector borrowing facility.

Our main problem is to do with future financing — to fund the next stage of streamlining the company and accelerating the model programme in 1980, 1981 and 1982.

Disruption

Although major restructuring lies ahead it should not be overlooked that with considerable co-operation from employees, we have already reduced our manning levels by nearly 18,000 since January of last year, having closed the loss-making Speke (No 2) and Southall factories.

Output per man, although still unsatisfactory, has shown an upturn in recent months for the first time in many years.

Since the half year, however, we have been plagued by the overtime ban and the one day and now two day engineering strikes common to the whole engineering industry in Britain; this will delay the new model programme and will frustrate our efforts to improve output per man in the second half.

This disruptive action is costing the company tens of millions of pounds in profit, cash flow, and therefore investment, and will prejudice future employment. If the strike continues for much longer it will have a major bearing on the board's investment policy.

Market share

Quite apart from the immediate effect of these one and two day stoppages, the overall outlook has deteriorated in a number of important aspects. This will necessitate streamlining the business and accelerating model programmes. We are therefore providing all those with a stake in BL with an unusually detailed half year statement.

The main problems we face are as follows:

First, we are helped by having some uniquely economical models, including the Mini and the Allegro. The high demand for these augurs well for the Mini Metro to be launched next year and for economy-oriented trucks shortly being launched. Nevertheless, the energy crisis and the down-turn in world trade means that overall demand for vehicles will be lower than earlier forecasts.

Second, our market share in the UK has been under great pressure from importers who have been helped by the sudden strengthening of the pound.

Leyland Vehicles face formidable competition in advance of the introduction of new models soon to be launched. Their market share in the UK has dropped to 18 per cent.

The position in cars is equally unsatisfactory. We have known (and well publicised) weaknesses in certain segments of our model line-up, but even allowing for this we have been disappointed that our UK market share has dropped to 20 per cent in advance of the model introductions which start in 1980.

Volume

Third, as against our level of market share, we have facilities and fixed expenses designed to cope with higher volumes. Our efforts to solve the volume problem by increasing exports are being frustrated by the recent sudden exchange rate changes which make our goods less competitive overseas. No less than 45 per cent of our output is being exported or sold overseas —for 1978 we were the largest exporter of manufactured goods in Britain.

As only 5 per cent of our materials are imported, the sudden rise in the value of the pound hits us particularly hard. The cost in profit terms for 1979 and 1980 is estimated at £80m a year.

Currency

Fourth, it would be tempting to apportion all the blame on the strength of the pound. This would be wrong. We have fundamental problems that are well known and recognised and are being dealt with methodically and steadily. What the sudden shift in currency rates does (and no one could have anticipated that sterling would strengthen so rapidly) is to add a new dimension.

This taken together with high UK inflation rates, high interest rates, and the energy crisis sharpens the issue and points to the need for quicker and more positive action to get back on target. If we do not respond quickly we will be blown off the recovery course.

We cannot afford to spread cash and other resources too thinly over too many plants and models. In short we must streamline facilities and model programmes and slim down the company, while bringing forward the model programme in the mid-car sector.

Streamlining

The proposals to meet the new situation, which are being tabled with employee representatives today, embrace three general propositions:

1—Over the next two years the company will need to be streamlined in terms of plants and slimmed down in terms of people.

2—Our new model programme would be accelerated, while modernising specified plants on which we will now concentrate resources on backing winners.

3—Funds would be needed over and above the original plan to cope with the costs of streamlining the business. These funds would come from various sources.

First, the streamlining programme. We just do not have the resources to back losers. Some plants have already been modernised; in others like Leyland in Lancashire, Land-Rover at Solihull and Austin at Longbridge, modernisation is already in progress. Where plant loading or performance does not justify modernisation, the plants will generally be phased out.

On cars, the proposition is that we should concentrate car assembly on Austin at Longbridge, Morris at Cowley, Sherpa at Common Lane, Rover Triumph and Land-Rover at Solihull, and Jaguar at Browns Lane. Pressed Steel Fisher would concentrate investment on Swindon and Cowley Body.

The effect would be to cease car assembly at Canley in Coventry and Abingdon. Abingdon would be converted to become an extension of Cowley to enable the Cowley modernisation programme and the introduction of new models to be accelerated. We would retain the MG marque. We are reviewing the scope of our activities in a number of other locations including Seneffe in Belgium.

Aluminium

Some body building would cease at Speke but the press shop would be retained. Because of the excellent co-operation of the workforce and improved productivity over the last 12 months since our other plant at Speke was closed last year, we will seek to maintain employment levels by transferring other work to that plant. Major parts of Castle Bromwich would be closed, together with Tile Hill and a substantial part of West Yorkshire Foundries. No. 2 foundry at Tipton would be closed and the Coseley Engineering operation which has consistently failed to achieve adequate productivity would be reviewed.

The aluminium foundry project in Yorkshire would be cancelled. The future of others of our 36 car plants will be considered.

On the commercial vehicle side, the AEC plant at Southall has now closed, and Charles H. Roe at Leeds has been transferred to Bus Manufacturers Holdings (BMH), in which we have a 50 per cent interest.

Today Leyland Vehicles has announced the intention of closing Park Royal Vehicles, not as part of the current exercise, but simply because of the appalling lack of productivity. The plant has a three year order book for the new Titan double deck bus, but is running at a loss because of lack of co-operation by the workforce in respect of both productivity and recruitment.

South Works at Leyland is to be closed in 1981. Other Leyland Vehicles manufacturing operations will be reviewed with the general intention of focusing investment on Leyland, Bathgate and Glasgow and the BMH sites.

We are currently discussing the disposal of Aveling Barford and Prestcold, which are not part of our mainstream business. The Hillington (Scotland) plant of Prestcold closed last week and the Aveling Marshall plant at Gainsborough will close at the end of October.

The effect of our proposals will be to reduce manning levels in the UK by not less than 25,000 with emphasis on reducing fixed expenses and therefore staff, over a period of two years.

Honda car

Development of Range Rover and Land-Rover (and the expansion of output) would go ahead as planned. Jaguar having launched the Series III will now concentrate on an engine programme to achieve greater economy.

The TR7 and TR8 sports cars would be built on the unused third line at Solihull.

In Austin Morris, the mid-car programme would be accelerated — the plan to introduce one new model in 1983 does not meet the case. Major product actions are now planned for 1980, 1981, 1982 and 1984 which provide five new models from 1980 to 1984. We are extending the Honda collaborative deal and its scope. The new Honda car will now be built at Cowley.

The model programme on Commercial Vehicles is well advanced, and competitive new models — both lighter and more economical to operate — are being launched at frequent intervals starting shortly. In both cars and commercial vehicles, we are continuing to explore opportunities for collaboration.

Funding

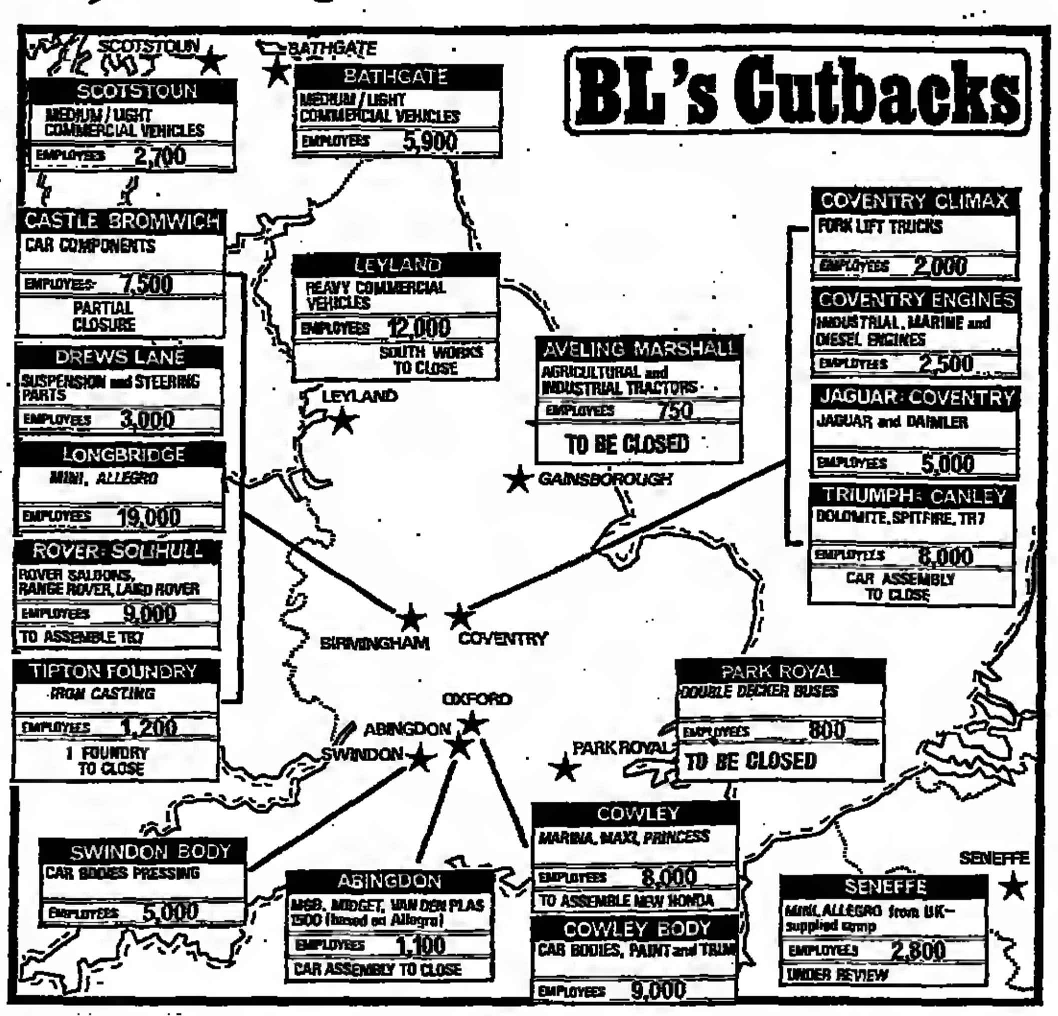
The impact of a stronger pound, its effect on cash flow, the acceleration of the model programme and the cost of streamlining the business, will all add to our cash needs in the period 1980-82. Following discussions with employees, the BL Board will consider funding proposals to be put to the NEB and the Government. Apart from the need for equity funds, other sources would be explored including the raising of funds from the disposal of assets and businesses.

Since my report to shareholders in April the outlook has changed significantly. Given that the programme to streamline the business between now and 1982 is done with determination and co-operation, we will have taken the fundamental action needed to survive and prosper.

It is accepted that this plan is far-reaching and ambitious. In our view nothing less will meet the case, even though it comes on top of plant closures and de-manning already undertaken in the past 18 months.

It envisages re-building the business to 950,000 cars and commercial vehicles per annum during the 1980s on the back of competitive products. To put this in perspective, we would have a capacity of 100,000 vehicles per annum more than the combined production of all our UK car and commercial vehicle competitors last year.

Certainly, our dealer network at home and abroad look forward both to the spate of new commercial vehicles being launched shortly, and to the car models which start with the Mini Metro next autumn. If we disappoint them then there won't be a business at all.



Car assembly is to be concentrated at Longbridge (Austin), Common Lane, Birmingham (Sherpa), Solihull (Rover, Triumph and Land Rover) and Browns Lane, Coventry (Jaguar). Investment in car bodies will be mainly at Swindon and Cowley Body, but the press shop at Speke will be retained. In commercial vehicles investment will be mainly concentrated at Leyland, Bathgate and Scotstoun.

CBI study criticises council

BY RHYS DAVID, NORTHERN CORRESPONDENT

LOCAL GOVERNMENT services in the north west could be improved by tighter controls on staffing levels, a major overhaul of the council committee system, designation of schools as cost centres, and a new approach to financial planning, according to a study by the Confederation of British Industry.

The recommendations appear in a study of Cheshire County Council's services commissioned from P.A. management consultants because of concern among industrialists over the rate increase announced for 1979-80.

The study, conducted over seven weeks cost £8,000, was paid for by CBI members and was carried out with the council's co-operation, but the trade unions declined to take part.

The study directs its main criticism at the council's financial planning procedures which are described as time-consuming and expensive. Any five year plan, says the report, is likely to be out-dated as soon as it is completed and is probably not needed except in the case of major projects such as road schemes.

Absence of a systematic process for assisting elected members to choose between planning options or to asses the urgency attached to proposals is also noted and the method of dealing with inflation in the Budget is also seen as inadequate.

The study urges that Cheshire —and by implication many other local authorities — should adopt an entirely new method of financial planning. This would take account of economic uncertainties, provide mechanisms for assessing the financial effects of policies, ensure a continuing review of expenditure policies, minimise the need for short term expedients and refer to cash balances.

In spite of its remarks on financial planning the report concludes that Cheshire is well-run and it pays tribute to the professionalism and enthusiasm of the council's staff.

The services provided by the council were generally good and many of the problems it faced stemmed from the system within which local authorities in the UK had to operate.

There is concern however, at the increase in employment in Cheshire. Between 1976 and 1979 the increase was 5.1 per cent and originally planned increases for 1979-80 would have raised this to 6.7 per cent during this same period population increased by about 3 per cent. "In some areas there are legitimate reasons for this apparent anomaly, for example an increased proportion of school children and elderly people.

However, whatever the underlying cause, the steady growth in numbers employed is certainly a contributing factor to the increased rates experienced by ratepayers," the study says.

The report is also concerned that in education the decline in the number of primary teachers and support staff has not fallen commensurately with the drop in primary schoolchildren. It commends the move towards treating individual schools as cost centres where the head teacher has a budget for expenditure and argues that the system should be taken further, allowing heads freedom, for example, to switch expenditure from salaries to supplies.

The study also urges that councillors should have less responsibility in managing county affairs and should concentrate on policy-making. It also recommends the setting up of consumer bureaux through which complaints by members of the public could be handled.

Cheshire County Council welcomed the study yesterday and said it would make a useful contribution to promoting public discussion.

Value For Money. CBI, Emerson House, Albert Street, Eccles, Manchester M30 0LJ.

Prices for steel scrap cut by £8 a tonne

BY ROY HODSON

PRICES BEING paid for ferrous scrap have been cut by up to £8 a tonne by British steel mills in both the public and private sectors reflecting the steel industry's generally low level of activity.

Merchants in the £1bn-a-year steel scrap trade are expecting a difficult winter in the home market. The new cuts have reduced the price paid by mills for the most commonly used grades of steel scrap to about £46 a tonne.

The British Scrap Federation, representing the merchants, said yesterday that prices are back at 1975 levels and represent a serious decline in real terms.

The steel mills poor demand for scrap is due to fears that steel will continue as a buyer's market this winter with imports taking up to half the British market in certain products.

Merchants are turning to exports to maintain turnover. Since the Government virtually removed the restrictions on scrap exports last month, companies have been investigating export trade possibilities with countries outside the European Community. Spain is the biggest single customer for British scrap steel.

Export restrictions on common scrap have been removed for a trial period of six months. The British Independent Steel Producers' Association and the British Steel Corporation will monitor scrap movements closely during that period.

Steel companies fear that free licence to export scrap will result in too large a share of Britain's recirculating scrap steel being sold overseas thus threatening home market supplies when the mills become busier once again.

But the merchants' exporting plans are being restrained at present by the low level of scrap demand in third countries, experiencing also a steel industry recession.

British scrap is looking less attractive to Spanish steel mills since the value of the pound rose.

Merchants are finding it more than usually difficult to assess the market because of having to work to a new series of standards governing quality and grading of iron and steel scrap. The standards were introduced last month after agreement by the steel and reclamation industries to recommendations of a joint working party.

Strike by civil servants hits key defence bases

BY PHILIP BASSETT, LABOUR STAFF

GOVERNMENT industrial workers yesterday began strike action at selected key establishments over the staging of a 22-30 per cent pay offer. RAF, dockyard and other defence operations were mainly affected.

The Ministry of Defence said that the strikes and overtime ban, involving 166,000 industrial civil servants, could have a "significant effect" on defence capabilities.

Servicemen would take over strikers' work if the action jeopardised health and safety or essential defence operations, the Ministry said.

The main effects yesterday of the action included disruption of operations at Devonport dockyard in Plymouth by a strike of about 250 workers, including crane drivers, lock gate workers and emergency lighting crews.

Sir Peter Berger, Port Admiral, warned that if essential operations were disrupted it might be necessary to lay off some of the yard's 14,000 workforce.

Dockyard workers at Chatham and Portsmouth did not follow the strike call, though union officials expect them to fall into line by tomorrow.

Work in the reactor compartment of the Polaris nuclear submarine Renown was halted when about 30 health physics monitors at the Rosyth nuclear base on the Clyde stopped work. The monitors check radiation levels in live areas. Most of the 4,000 workers at the yard voted last week against taking action.

Refuelling drivers at the RAF Marham, Lossiemouth and Waddington bases stopped work. Union officials expect this action to have a severe effect on RAF flying capabilities.

Industrial civil servants also began overtime bans at three Army workshops, five RAF bases, the Royal Ordnance Factory at Blackburn, the Royal Signals and Radar base at Malvern, the Royal Aircraft Establishment at Farnborough, two research and development bases and other establishments.

All computers at the Driver and Vehicle Licensing Centre at Swansea were switched off by the management because of a danger of over-heating after action by maintenance workers halted the air-conditioning system. No mail was delivered to the centre when postmen refused to cross the workers' picket line.

There was disruption and picketing at some prisons, though the effect is not yet considered serious.

The joint co-ordinating committee, representing all 12 unions involved in the action, met to examine the effect of the first day's action, but called no further areas out. The committee will meet again next Monday, when the targets may be altered to spread the action evenly among union members.

The purpose of the action is to alter the Government's firm position on the staging of a pay offer based on an independent comparability study. Union officials said yesterday that no approaches had been received from the Civil Service Department.

The Government has offered increases of 9 per cent plus £1 from July 1, a further 5 per cent in November, and the balance of the recommended figure due in April.

The full offer would take lowest-paid labourers from £44.80 to £54.50, an increase of 21.65 per cent, and top craftsmen from £58.55 to £75.95, a rise of 29.71 per cent.

Action may hold up students' cheques

BY GARETH GRIFFITHS, LABOUR STAFF

CLERICAL and administrative staff at 41 universities plan to black the registration of all new students and to call a one-day strike at the start of the new academic year next month.

A delegate conference of the 20,000 staff, who are members of the National and Local Government Officers' Association, decided yesterday to reject an offer worth about 9 per cent and a reference to the Clegg Commission on comparability, with the findings to be implemented in April, 1980. The union's claim is for 24 per cent, the consolidation of £312 a year and a 35-hour working week.

Mr. Alex Thompson, NALGO national officer, said the decision on industrial action had to be confirmed by the union's national executive at the weekend but he expected the conference's decision to be approved.

The planned action includes an overtime ban, a refusal to cover staff vacancies, a withdrawal of goodwill and a refusal to handle student registrations. This could mean between 70,000 and 80,000 new students having problems about getting their grant cheques from local education authorities. The University Grants Committee could also be affected.

The university committee for non-teaching staff, the employers' group, and the union have both had informal talks with the Advisory, Conciliation and Arbitration Service. ACAS officials are hoping to organise a formal session shortly. However, there are strong indications that NALGO will want promises on new money before it agrees to attend.

Some universities are unlikely to be affected by the dispute. These include Cambridge, Bradford, Manchester, Salford, Liverpool, Manchester Institute of Science and Technology, Loughbrough, Nottingham and the Open University.

ITV dispute 'nowhere near settlement'

BY GARETH GRIFFITHS, LABOUR STAFF

TALKS AIMED at ending the month-long blackout of independent television failed to reach agreement yesterday. Mr. Alan Sapper, general secretary of the Association of Cinematograph, Television and Allied Technicians, said the two sides were nowhere near a settlement.

The talks were organised by the Advisory, Conciliation and Arbitration Service under Mr. Andy Kerr, its chief conciliation officer. The companies and the three unions involved sent full negotiating teams.

Before the resumption of the talks, adjourned from Friday evening, Mr. Sapper said there was no possibility of the meeting providing any basis for negotiations.

"The ITV companies are just putting up more and more hoops for the unions to jump through. The topics they are now raising have never before been mentioned at any stage of our discussions," he said.

The television companies, however, were guardedly optimistic that the talks would produce a move towards a settlement although it could take up to several days. The companies

London courts 'grinding to halt'

BY OUR LABOUR STAFF

THE TWO Civil Service unions involved in the two-week old strike by about 650 inner London magistrates' courts staff yesterday claimed that the 18 courts affected were grinding to a halt.

A meeting of the Society of Civil and Public Servants and the Civil and Public Services Association on Friday decided to conitmue the strike indefinitely. The unions want the court staff to be linked automatically with Civil Service pay settlements which on the present claim would mean between 20 and 30 per cent.

Mr. Malcolm Singer, secretary of the society's court staff group, said the strike was beginning to bite in the courts.

The Home Office said that the essential work of remands and committals was still being carried on. But maintenance payments were not being enforced and there was a considerable loss of revenue because fines were not being collected.

Luton factory faces pickets from Cheshire

FOUR HUNDRED flying Vauxhall pickets yesterday travelled 250 miles to demonstrate outside their sister factory in Luton, Beds.

The pickets arrived by coach from Ellesmere Port, Cheshire, where a strike and lay-offs have stopped production. The dispute is over the annual pay claim by the company's 33,000 hourly paid workers.

Demonstrators began by picketing the main gates, and then started a march. They are demanding a 25 per cent pay rise. The company has offered 17 per cent, which includes extra holiday pay and a longer Christmas holiday.

Three thousand workers at Luton and Dunstable have been laid off by the dispute, and truck and van assembly have halted.

The company, already faced with a £2m loss for the first six months of 1979, warned that its offer would remain on the table only if accepted with the minimum of disruption.

Provincial journalists to demand 30% rises

By Alan Pike, Labour Correspondent

NATIONAL UNION of Journalists delegates have decided to press for 30 per cent increases in the coming wage round for 9,000 members working in provincial newspapers.

Last year's NUJ negotiations in the provinces led to a seven-week strike. The effects of this are still alive at the Nottingham Evening Post, where NUJ members who were dismissed for taking part in the strike have not been reinstated.

NUJ leaders recommended that there should be no national negotiations on behalf of provincial journalists unless the Evening Post management was expelled from the Newspaper Society — the employer's representative body. Under this plan claims would have been submitted to individual managements at local level.

But the union's provincial newspapers industrial council was instructed by delegates meeting in Birmingham to submit the claim with the Newspaper Society in the normal way. The conference also increased the demand to 30 per cent from the 25 per cent previously proposed by the industrial council.

The claim will be submitted soon but a new agreement is not due to come into effect until January.

NUJ offices throughout the country are being told to hold meetings to consider a programme of action in support of the dismissed Nottingham journalists and this will be examined further by the union's executive next month.

Power supply deal given union go-ahead

A THREE-STAGE agreement worth about 15½ per cent covering 40,000 clerical, sales and administrative staff in the electricity power supply industry was given the go-ahead yesterday.

The deal between the Electricity Council and the National and Local Government Officers' Association was approved by the union's membership at a delegate conference. There are also plans for some staff restructuring next year and the consolidation of £312 a year.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SERVICES

Stops the bugs from damaging ships

SCIENTISTS AT University College, Cardiff, Department of Microbiology, experts in the way bugs attack industrial plant, are increasingly involved with microbial problems on ships.

Full microbiological testing and advisory services for the marine industry are now being offered and where problems are detected advice is available based on many years' experience of solving problems encountered in various industries.

In the shippiog industry microbes have been shown to grow and cause problems in fluids such as petroleum products. The main engine lubricating oil may be affected and microbial growth can result in extensive corrosion and eveotually major engine failure.

Other petroleum products affected include hydraulic oils, particularly in propeller installations, and, in certain circumstances, fuel oils.

Engine cooling systems may also be infected; this growth can result in rapid depletion of the corrosion inhibitors, a resultant increase in corrosion and spread of infectioo to the crankcase oil.

These infections can be detected at an early stage and corrective measures implemented.

National in-shore and harbour regulations (e.g. U.S. coastguard) now require strict control on the microbial content of sewage discharge from ships. Consequently the sewage effluent must be tested to ensure compliance with the regulations. This testing can be carried out in Cardiff and the necessary certificatioo supplied.

Portable water can be tested and certification given on its quality. Other microbial spoilage problems may arise in cargo, cordage, liferafts, etc.

The service offered by UCC includes the supply of suitable sample containers, recommendations regarding correct sample procedures, or if necessary a staff member can atteod to collect samples. If a microbial problem is confirmed, advice on corrective measurea cao be given by telex, telephone or by a visit to the vessel.

University Industry Centre, University College, POB78, Cardiff CF1 1XL. Cardiff 44211.

● ELECTRONICS

Balance has a brain

WELL KNOWN for its precisioo mechaoical scales, Ohaus Scale Corporation has introduced the first models in its range of electronic balances.

Known as Brainweigh these units are suitable for weighing pre-determined quantities or onknowns in manufacturing processes, quality control, labora-procedures, checkweighing, science, education and many other applications; the nnits are very easy to use, calibrate and maiotain.

Of die-cast construction for stability and protection in harsh environments, the balances have a large, stable weighing platform, an inclined display window with large digits which are easily read from any angle, and clearly labelled controls carefully recessed to avoid accidental operation or ingress of spilled liquids.

A microprocessor retains the weight of objects tared and will display a negative reading when an object is removed from the pan. A red "g" lights up to confirm a stable readiog, and insignificant zeros are suppressed to avoid reading errors for small samples.

More from the company at Unit L, Broad Lane, Cottenham, Cambridge CB4 4SW (0954 52343).

Matisa (UK) of Bedford, has prodnced this prototype road rail tamper based oo a Ford D1111 truck. Normal tamping machines, which are used to re-lay and smooth out railway lines by compacting the ballast beneath the sleepers, have to use the railway tracks to move from site to site and have a top speed of 30 mph. This vehicle, however, can drive between jobs like a conventional truck at speeds of up to 50 mph. Once on site the vehicle can quickly transfer to the railway track and proceed as a normal rail tamper at speeds up to 20 mph.

● COMMUNICATIONS

Will improve phone links

WORK WITHIN various parts of the GEC is leading towards the realisation of an improved form of coding-decoding device (codec) that will allow easier communication between telephone instrumeots using multiplexed pulse code modulation techniques.

Basically a codec, in its transmitting mode, converts the speech audio signals into pcm and reverses the process in the receive mode. In this way two phones can be linked while maoy others are using the same communications bearer.

Although a number of codec devices in integrated circuit form are available most have a certain amount of common circuitry, making asynchronous working difficult and requiring careful design to minimise cross-talk.

Synchronous working entails the transmission of synchonising pulses, which can easily get lost or be spuriously generated oo a telephone network and so the new codec has been designed for asynchronous use.

The approach at GEC Semiconductors, where, the large scale integrated codec is being developed for GEC Telecommunications, is to electrically separate the two sides of the device. There are no common parts and all clock inputs are separated. Better matching has also been achieved.

GEC Semiconductors is at East Lane, Wembley, Middlesex HA9 7PP (01-904 9303).

Vibrates in the pocket

FOR USE in circumstances where the prevailing noise level is so high that neither the telephone nor a normal "bleeping" pager could be heard, Tele-Nova can supply paging receivers that vibrate in the pocket.

An early installatioo has been at Dawes and Company, a Lancashire cotton mill where, in certain areas, the noise of the machinery makes it quite impossible to hear the telephone. It has therefore proved difficult and time consuming to locate senior management when they are in the mill. The new system vibrates three times to alert the wearer that be is needed on the phone.

More from the company at 111, Endwell Road, Brockley, London SE24 2LY (01-692 9816).

Radio-phone will go anywhere

DESIGNED FOR services such as the Post Office's Radiophone system, for which it has been approved, is the SV1382A set, a 55-channel, two-piece self-seeking unit from Marconi Mobile Radio.

Main electronics can be installed out of the way in the boot of the car with just the combined handset and control unit near to the seat.

Operation consists of no more than lifting the handset: the equipment will then scan the available operational frequencies and select np to three clear channels. An internal comparator decides which channel is the most suitable and connects the vehicle to the radio base. The driver then simply asks the operator for the telephone oumber he wants.

The equipment becomes completely portable on removal from the vehicle so that a link to the telephone network is possible wherever the user goes. The system has its own rechargeable batteries.

More from Marconi House, Chelmsford, CM1 1PL (0245 353221).

● PROCESSING

Pure sugar at low cost

DEMAND FOR refined sugar has grown faster than supply and many bottlers and candy manufacturers have had to purchase grades of sugar lower than required. This necessitates an expensive in-house treatment to upgrade the quality.

Tate and Lyle Process Technology has made available the new batch Talofloc process which reduces conventional processing costs by up to 75 per cent, the company asserts.

Based on an existing process of the same name the new batch version can treat between 500 kgs and 100 tons of sugar solids per day: while a semi-continuous process is available for operation on between 100 tons and 180 tons of sugar per day.

Talofloc at present has over 80 licensees in sugar refineries around the world producing 15-20 per cent of the world's sugar refined from cane. It provides three main advantages over conventional refining methods.

More efficient decolourising is obtained at the first stage—compared with conventional phosphatation, colour improvement is increased from 25 per cent to 70 per cent. Up to 10 times faster separation of phosphated flocs is another result, consequently a smaller plant which allows low capital investment will suffice. Improved quality sugar liquor after clarification, giving high filter rates and liquor of bright and sparkling appearance, is the third advantage, the developers say.

In most cases the treatment of sugar liquor can be carried out in a single tank. This not only minimises capital cost, but also reduces the number of operators required.

Tate and Lyle Process Technology, 55 Liddon Road, Bromley BR1 2SR. 01-460 9182.

● TRANSPORT

General Motors looks ahead

FOLLOWING Ford and Lucas a somewhat more guarded statement about the future of its motor car design has now also been made by General Motors.

GM is saying nothing about fuodamental mechanical changes in the engine block on the lines of Ford's PROCO engine with special fuel injection or Lucas's solenoid operated valves, but does commit itself to the extent of declaring that "virtually every GM car will have an on-board computer in 1981, primarily for the control of emissions and for fuel economy."

Vice-President M. J. Caserio says that these demands will make sophisticated electronic systems "absolutely essential" and that they will be met using catalytic converters and electronically controlled fuel metering.

The company's main emphasis seems to be on central computer control. Beyond automatic gear changing the company believes that given computer control of the ignition, fuel flow and transmission it would be possible to take the next step and disconnect the throttle from the floor pedal.

The accelerator would then serve only to transmit the driver's desired rate of acceleration to the computer, electrically. Derived signals would immediately open or close the throttle in accordance with an optimum fuel efficiency curve based on the engine and transmission requirements and performance characteristics.

Apart from control of motive power, GM believes that once an on-board processor is available, digital control of other functions becomes relatively straightforward, with signals carried round the car on a single pair of wires using multiplexing techniques. Such a signal pair would carry a constant pattern of pulses, each function (for example, "operate power windows") having its own minute time slot which can only be recognised by the appropriate actuation unit, the signal only appearing in the time slot when the corresponding dashboard button is pressed.

A likely further development would be self-diagnosis of faults: the presence of the computer would make it relatively easy to sense when something is going wrong or is out of adjustment. The instrument panel would display a warning.

Then appropriate equipment at the garage would soon discover the nature of the fault via coded displays. Such systems are already available in a limited way on some U.S. built cars.

Other possibilities include starting the car by coded push-button, anti-theft devices, radar braking, keyless doors, and the ability to cheaply pick up and process information from roadside devices concerning traffic or other problems.

● SECURITY AND SAFETY

Machine lock fails safe

MANAGING DIRECTOR of Industrial Solenoids, Mr. Eric Mason, believes that a simple product his company has designed will "go a long way to erasing the many dangers and accidents that confront machine operatives today."

The device, called Isolock, is a fail safe solenoid-operated mechanism which prevents unsafe or unauthorised opening of machine guards, lift doors, enclosure gates and other means of access.

Made and tested in accordance with BS 5304, Isolock consists of a spring extended, electrically released bolt suitable for ac or dc operation.

More from the company at London Road, Tetbury, Glos. GL8 8HZ (0666 52199).

● COMPONENTS

Fibre optic link

HIGH SENSITIVITY low-cost transmitter and receiver designed specifically for industrial fibre optic communication applications are offered by Burr-Brown International, Cassiobury House, 11-19 Station Road, Watford, Herts, WD1 1EA (0923) 33837.

The two units, when used in conjunction with a power supply and a suitable fibre optic cable, are all that is necessary to implement a TTL-in, TTL-out, optical data link over a distance up to at least 1.7 km.

Each unit is contained in a 40 × 76 × 16 mm metal package to give noise immunity, and electrical connections are made by pins on the underside of each module with optical connections via inexpensive AMP single fibre connectors. The transmitter takes 60 mA from 5V and the receiver 20 mA from 15V; operation is up to 200,000 baud.

Photographs at night

A LOW-LIGHT surveillance camera for observation and photographic recording by both civil and military security forces has been designed for hand-held operation. The camera which weighs only 2.5 kg is powered by self-contained penlight type batteries and uses ordinary 35 mm film cassettes.

It has reflex viewing and exposes film by direct contact on to the fibre-optic screen of a high resolution image intensifier.

Viewing brightness is pre-set to suit the observer and it can be used over a wide range of light levels from daylight down to overcast moonlight. Exposure control is completely automatic.

The camera is to be supplied by John Hadland (Photographic Instrumentation), Newhouse Laboratories, Newhouse Road, Bovingdon, Hemel Hempstead, Herts, HP3 0EL. It will cost £7,000.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Nicholas Colchester looks at the achievements of **Ray Dolby,** whose name has become a by-word for high quality recorded sound

The man who took the hiss out of entertainment

RAY DOLBY's name is everywhere. His company's logo appears on cassette and tape recorders, on the vast majority of pre-recorded cassettes, sometimes on records and radios, increasingly on cinema hoardings. It has become synonymous with good quality sound—more precisely, sound without hiss.

The story of Ray Dolby and his famous noise reduction system is a text-book example of how to capitalise on an invention. In the eight years 1965-73 he turned an idea into what is now virtually an international standard. He concentrated on the deployment of his idea, methodically ticking off its possibilities. He embodied it in products where it made sense to do so and licensed it skilfully where to manufacture would have been disastrous.

By marketing his idea from the start as an international standard, he established what must be one of the smallest world-famous companies in the world. Indeed, it partly because the company is small that it manages to dominate its field.

Dolby's career began to revolve around hiss (or rather the elimination of it when, in his late 20s, he was engaged in post-graduate studies at Cambridge in the early 1960s. He had come over from California where he had already helped Ampex develop the world's first video-tape recorder. One of his hobbies at Cambridge was tape-recording university musicians. His equipment was excellent; so he was doubly aggravated by the hiss from his tapes.

Two basic cures for hiss already existed, both with flaws. The first option was to filter out all the highest sounds (including the hiss) produced by the tape recorder. This had the disadvantage of filtering out high musical sounds as well.

The second approach was the "compandor." This amplified high frequency sounds before they were recorded and then reduced them to their original level when the tape was played back. The reduction left the music unchanged but reduced the hiss coming off the tape itself. The problem here was the initial boost: if the music was already loud, the boost made it still louder, overwhelming the tape and introducing distortion.

Ray Dolby says that he put his finger on the problem at Cambridge: "I knew it was absurd to manipulate the whole signal to get rid of a very small amount of hiss." He then pondered the problem for two years in India, where he was working with Unesco, and finally thought of the answer in late 1964.

Driving back to England overland he had time to think about the necessary circuits. They would leave the signal untouched whenever the music was loud enough to mask the hiss. Only in quiet moments, when the hiss would be noticeable, would they use a sort of compandor technique to suppress the noise from the tape.

He tried out his circuits, patented the principle behind them, and set up business in part of a dressmaking factory in Fulham, London. Initially he envisaged his company as a research laboratory supplying the electronics industry with ideas, but having financed his enterprise out of $25,000 of savings and loans from friends he quickly found he needed income to survive. He decided to make and sell noise reduction units himself.

As he peddled his Dolby boxes round recording studios he realised that he had to establish an international standard or fail. Recording engineers were impressed, but they pointed out that their master tapes were flown all over the world. They could not put Dolby's boosted signals onto their tapes until all their potential customers had equipment to unboost them. So during 1966 to 1968 Ray Dolby had to travel everywhere at once, getting his small snowball to roll.

Decca became Dolby's first customer in January 1966. His cause was greatly aided by the emergence at just that moment of the technique of multi-track recording. The greater the number of magnetic tracks recording engineers wished to superimpose, the more the problem of hiss loomed. Dolby's boxes became indispensable rather than desirable.

In marketing his invention to professional users Dolby sold it only in the form of equipment (Dolby units): he did not allow other manufacturers to embody his ideas in their products. The market was small enough for him to do this without inviting competition. To this day Dolby Laboratories supplies the entire world market for professional noise reduction equipment from a small factory in South West London.

But though Dolby built all this equipment in his own company, he consciously avoided secrecy. He set out to convince engineers that his patented circuits were the elegant solution.

The keystone to his whole story is that this solution was sufficiently different from all that had been tried before: this made it easily recognisable and therefore patentable. Since 1965 Ray Dolby has erected a wall of patents around his approach. His company incurs considerable annual costs in patrolling this patented territory and in protecting and promoting the Dolby trademark.

This technique of well-protected openness was basic to the subsequent expansion from the professional market into that for consumer electronic equipment.

Dolby was urged into this assault in 1968 by Henry Kloss, an influential figure in the U.S. hi-fi market. The major impact of the simplified consumer circuitry which Dolby developed was in raising the cassette recorder into the realms of high fidelity. "We bought a cassette recorder in the Edgeware Road and it proved surprisingly susceptible to improvement," Dolby explains today.

But in moving into the cassette market the commercial problems were more formidable then the technical ones. 'I quickly saw that the consumer and professional markets were far, far apart—the one so small, the other so vast. If we tried to manufacture Dolby consumer equipment ourselves we would straight away invite competition.

"So our policy was to declare at the outset to every potential licensee that we would never become a competitor. The manufacturers did not have to fear us. We presented ourselves as a central organisation which would nurture them all."

Dolby set the licence fee at just 50c per circuit, a level which, for the two circuits required in a stereo cassette deck, was not calculated to invite retaliation. He sold his first cassette licences to three U.S. companies in 1969, and signed up his first Japanese licensee, Hitachi, the following year.

The concepts of openness, and of being a standard, took on new dimensions. Dolby Laboratories became a sort of technical clearing house in the cassette recorder industry. In return for their licence fees manufacturers can submit their new products to Dolby for detailed criticism and advice. Dolby Laboratories issues "cookbooks" to licensees covering every aspect of cassette recorded design. Improvements in the Dolby circuitry are made available to them without charge.

As for the status as a standard, Dolby's marketing has done everything possible to reinforce that. Licensees are required to display the Dolby name and logo on the front of their equipment. Pre-recorded cassettes, which are Dolby processed, have to have the Dolby logo shown on them. "It has to be there," says Ray Dolby with invincible logic, "because it's a processing instruction. It tells you that the cassette should be listened to through a Dolby circuit if possible."

Despite this disarming approach, Dolby's hold on the cassette noise reduction business was not gained without problems. Philips, the company which invented the cassette, resented Dolby's appearance. It had introduced the pre-recorded cassette in the mid-sixties and was worried lest Dolby started a fragmentation of recording standards. Philips produced a "playback-only" noise reduction system called DNL which it promoted in the early seventies. Ray Dolby admits that this was a scary period. But in 1973 Philips was won round and became a licensee of Dolby.

Dolby then had to protect his patents against a major Japanese manufacturer. This company in developing a noise reduction system of its own, had infringed some Dolby patents. However, Dolby agreed to compromise whereby the Japanese company would pay royalties and continue to promote the system as its own.

There was also a bitter parting-of-the-ways with AEG-Telefunken, which once marketed Dolby equipment but now promotes a rival system. In fact, Ray Dolby says that West Germany as a whole proved a uniquely difficult market to crack because "they prefer to do things their own way."

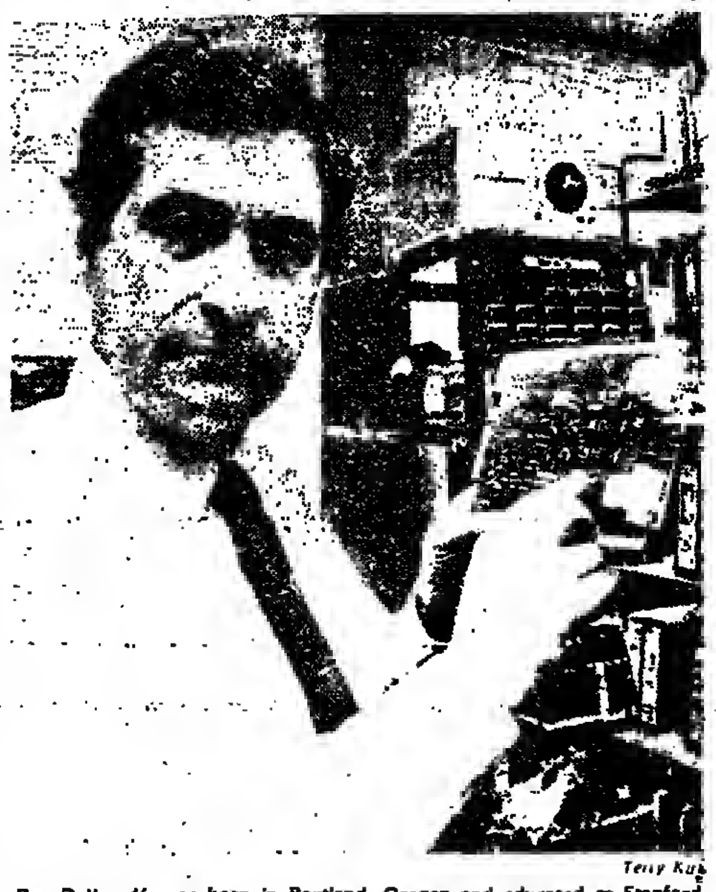
Ray Dolby likes to cite Rudolph Diesel as his model, not only because he invented the diesel engine, but also because he methodically set about exploiting his invention without getting distracted on to other paths.

Having consolidated his position in the cassette market, Dolby's next targets for unswerving exploitation were the radio and film markets. The Dolby campaign to take the hiss out of VHF radio started in 1971. Technically it was quite a tour de force in that Dolby had to preserve compatibility with long-established broadcasting standards. Commercially it was a relative flop. It made headway with U.S. broadcasting stations but not with the more monolithic European networks. By and large, VHF hiss was not had enough for consumers to demand Dolby radio sets.

The film market, in contrast, has recently blossomed for Dolby, after a slow start. It was an uphill struggle because film sound was so bad that Dolby Laboratories had to persuade each cinema to buy expensive sound equipment to make it worthwhile installing Dolby equipment as well. It was only the special effects of "Star Wars" and "Close Encounters of the Third Kind" which finally persuaded U.S. audiences to converge on cinemas with "Dolby Sound" advertised in lights. Since then, Dolby's cinema salesmen have increasingly prevailed.

Today, 50,000 professional tape recording tracks all over the world are Dolby equipped. There are 650 different pieces of consumer equipment available with Dolby circuits, selling at a rate of about 10m units a year. Some 1,500 cinemas around the world are equipped with Dolby sound at a cost of £1,500-£4,000 per theatre. And 100 U.S. radio stations are broadcasting a Dolby-modified signal.

Dolby Laboratories collects $4m annually in royalty fees through its head office in San Francisco. Its manufacturing operation in Clapham, London, produces $8m worth of equipment per year. In all, 120 people work in London and 60 in the U.S. Ray Dolby owns the entire company and admits to no bank debt. His enterprise has the atmosphere of a large family, dedicated to the profitable suppression of hiss.



Terry Kirk

Ray Dolby, 46, was born in Portland, Oregon and educated at Stanford, U.S., and Cambridge, UK. After working for two years with the UN in India he founded Dolby Laboratories in London in 1965 when he was 32. In 1976 he moved his head office and research team to California, mainly because he wanted to live in San Francisco with his family. He is a modest, soft-spoken businessman and is full of deference to the company he owns. He confesses however to being an egotistical engineer "because I know I'm a good one."

Business books

Introduction to Financial Management, by Iqbal Mathur. Macmillan, £11.35. A study of established concepts and methods together with a round-up of some more current research in the financial field, this book is aimed primarily at the student of financial management.

The New Protectionism — The Welfare State and International Trade, by Melvyn B. Krauss. New York University Press, New York, $10. This is the first publication of the International Center for Economic Policy Studies and in it the author traces the roots and the effects of what is described as the "new protectionism." Krauss approaches the subject from the standpoint that the trend toward trade liberalisation, promised by the Kennedy Round of tariff reductions, has been superseded by a wave of neo-mercantilist restrictions. Such non-tariff barriers to trade violate the intent of the General Agreement on Tariffs and Trade, he says.

International Lending, Risk and the Euromarkets, by Anthony Angelini, Maximo Eng and Francis A. Lees. Macmillan, £15. This is an examination of international lending, starting with the interacting role of political and business events in shaping U.S. government and private lending overseas, followed by a look at international lending to specific borrowers such as corporations, banks and governments.

BUSINESS PROBLEMS — BY OUR LEGAL STAFF

VAT on car

THERE SEEMS to have been a misunderstanding about our reply under "VAT on car" on August 29. The first sentence "You are right" refers to the questioner not, as the rest of the reply makes clear, to his friend, who was wrong. Also, the fourth word in the first line of the question should read input and the SI number in the reply should read 1977/1795.

you; if you are thinking of buying a car (on hire-purchase), you should look particularly at paragraphs 43 to 46, and 67 and 68.

Whether you buy or hire, you will need to keep a detailed log of your use of the car—and be prepared for a grilling by the tax inspector as to the accuracy of the log, and as to whether you religiously entered details of each trip at the time (rather than merely at the end of each day). The ratio of (a) exclusively business use to (b) total use each year will determine the proportion of capital allowances or hire charges which is eligible for tax relief (including carry-forward against subsequent years' profits).

Accountants' negligence

We are in dispute with a firm of chartered accountants in regard to HM Revenue interest charges arising from their negligence. Accordingly we have appointed new accountants and informed the firm with which we are in dispute that we are prepared to have the matter of outstanding fees resolved either by arbitration or the county court. They in turn have refused to supply all relevant papers to our new accountants until such time as they are paid in full, thus making its impossible for accounts to be prepared and, therefore, jeopardising our position with the Inland Revenue? What should we do?

Your proper course is to have your new accountants offer an undertaking to hold the papers to the order of the old accountants—so as to preserve their lien for fees properly payable—and if the papers are not delivered up on such an undertaking, to apply to the Court for a mandatory injunction to deliver the papers up on such an undertaking's being given.

Starting in business

I am thinking of starting in business in a small way and will need a car both for work and pleasure. Would it be better to buy or lease it? There will not be enough profit to pay the leasing charges for a time. Will the ensuing loss be able to be carried forward until there are profits?

If you have not already seen a copy, you should ask at your local tax inspector's office for a copy of the free Inland Revenue booklet IR28, called "Starting in business." Booklet CA1, "Capital allowances on machinery or plant," may also help

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Group Financial Director

Designate

c. £17,000 + p.a. **Berkshire**

Our client, a leading name in the manufacture and sale of Medical Products, wishes to appoint a Group Financial Controller (Director designate) who will advise and assist the Group Chief Executive in the formulation and execution of commercial and financial policy.

The successful applicant will have a strong commercial background including light industry/manufacturing experience and will have held responsibility for financial planning and control, investment evaluation, and financial and management accounting. He/she will at present head the finance function in a medium-sized company or be No. 2 in a larger environment. The abilities to communicate easily with colleagues and to control and direct staff are essential, as are imagination, flair, an agile mind and an eye for profit opportunities. The ideal age will be 35-43 and past experience in standard costing, retail accounting, leasing and computer applications will be plus factors.

Fringe benefits will be in line with the remuneration and will include pension, medical insurance and company car.

If you currently earn at least £14,000 p.a. you are invited to apply in writing to James M. Heaslip at :

JOSOLYNE LAYTON-BENNETT LTD.
Management Consultants

Metropolis House,
39/45 Tottenham Court Road
London WIP OJL

Job Search OPPORTUNITIES

- 75% of Executive Appointments over £10,000 p.a. are unpublished and go to those with the best contacts.
- As Europe's most experienced Job Search organisation we can provide you with all the facilities you need to build up contacts and locate your next employer.
- Our expert career advisory service is essential to executives who become vulnerable to the current fast changing market conditions.
- Telephone us for a cost free assessment meeting.

Percy COUTTS &Co.
01-839 2271
140 Grand Buildings, Trafalgar Square, London WC2.

Sales Management

Specialist Forgings—Scotland
Five Figure Salary

Sales responsibility at the forefront of technology and with a market leader is what this company can offer. It enjoys a high reputation internationally for its products which are extensively used throughout the aircraft and engineering industries. Responsibility is for further developing the company's market position through professional marketing, product development and sales management. Candidates, male or female, aged 30—45, should be graduate engineers with a first class track record in sales and marketing management in industrial products. They must be able to lead a professional team and have the stature to handle contact at the highest level. Salary will be negotiated to attract the calibre necessary. Location: Central Scotland.

(PA Personnel Services Ref: SM45/7009/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

127 George Street, Edinburgh EH2 4JN. Telephone: 031-225 4481

PA

A Member of PA International

Mediterranean Real Estate

Marketing in the UK

for a prominent British public company, partners in a 1,800 acre property development in the Mediterranean. The eighteen hole golf course and 1,000 berth marina are already in use and the development of residential units, villa plots and other facilities is well advanced.

The Marketing Manager reports to a main board director. The role is to market and sell to UK clients residential units and building plots for individual and wholesale development.

Substantial top level experience marketing and selling real estate and urbanised land to individuals and multi-plot developers is essential. This includes the preparation of advertising and promotional material and guidance on the provision of finance.

Earnings negotiable around £15,000. Car. Location flexible but likely to be London or, possibly, the Midlands.

Please send relevant details – in confidence – to R. M. Cooper ref. B.60617.

This appointment is open to men and women.

MSL

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

Management Selection Limited
International Management Consultants
474 Royal Exchange Manchester M2 7EJ

Company Secretary

Financial Director-Designate

for the UK subsidiary of an international group manufacturing sophisticated chemical specialities sold worldwide to the consumer goods industries. The company, which has a turnover of some £11m. and employs 200, is moving to new premises in Kent in 1982. As a member of the senior management team, the appointed candidate will be responsible for all finance and administration through appropriate professional staff. Liaison with continental colleagues and occasional international travel will be necessary.

Candidates, aged mid-30's to early-40's, should be qualified accountants with senior financial control experience in manufacturing, preferably of comparable type and involving international operations. Knowledge of French helpful.

Starting remuneration to £14,000; car and usual benefits.

Please write with relevant career/salary details to S. W. J. Simpson ref. B.38322.

This appointment is open to men and women.

MSL

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

Management Selection Limited
International Management Consultants
17 Stratton Street London W1X 6DB

Thomas Cook

Accountancy

Corporate Finance
Career Opportunity
c. £8,500 + car
PETERBOROUGH

The Thomas Cook Group, a subsidiary of the Midland Bank, operates travel agency, tour operations, travellers cheque and foreign exchange businesses on a worldwide basis. The Group has ambitious, but realistic plans for expansion and recent promotion has created this vacancy within the Corporate Finance team at Group Administration Headquarters in Peterborough.

A qualified accountant is required to undertake a wide range of assignments for senior management including acquisition opportunities, investment feasibility studies and investigation into the relevant methods of finance. Ideally, applicants should have a sound understanding of taxation and exchange control but the principal requirements are personal ability and experience probably gained in line accounting and/or with a large professional firm.

The post offers opportunities for travel overseas and good prospects for career advancement. Benefits include assistance with relocation expenses; BUPA; free dining facilities; generous holidays and participation in the Management Car Scheme. In addition the Group operates a profit sharing scheme subject to service eligibility.

Please write supplying details of career and present salary to:—

Mr. G. T. Spiller,
Personnel Manager, Finance Services Division,
The Thomas Cook Group Limited.
PO Box 36, Thorpe Wood.
PETERBOROUGH PE3 6SB.

Manager/ Underwriter

Fire and Accident Insurance

To head and expand this London-based subsidiary of an overseas insurance group with an impressive growth record; the successful candidate will report direct to the group MD.

Candidates, preferably aged 35 to 45 and holding FCII or ACII, must be able to show a record of success in this sector of the British insurance market.

Initial salary negotiable from £15,000 + car and other fringe benefits and will be linked to company growth and profitability.

Please write – in confidence – to W. A. Griffith ref. B.41369.

This appointment is open to men and women.

MSL

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

Management Selection Limited
International Management Consultants
17 Stratton Street London W1X 6DB

Manager

Business Development - London

A major British group with a turnover in excess of £250m. and pursuing a vigorous policy of profitable expansion requires a Business Development Manager for its international division. Reporting to the divisional chief executive the successful candidate will have ample scope for using acquisition analysis and negotiating skills both in the UK and abroad. A general management appointment can be earned within three years.

Candidates, ideally aged about 30, must be graduates in a numerate discipline and have relevant experience in business development and company acquisition, gained in a substantial industrial group; experience in a line appointment involving man management is desirable.

Salary negotiable up to £14,000 + car, BUPA and other benefits.

Please write – in confidence – to J. M. Ward ref. B.41378.

This appointment is open to men and women.

MSL

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

Management Selection Limited
International Management Consultants
17 Stratton Street London W1X 6DB

U.K. MANAGING DIRECTOR

AND

SALES MANAGER

JOTUL, one of the largest manufacturers of wood-burning stoves in Europe and, with an established share of the U.K. market, require to make the following two important appointments as part of the organisation of Jotul (UK) Ltd.

MANAGING DIRECTOR

Applicants should have University or equivalent qualifications and a proven record of successful management.

The chosen candidate will be required to develop and expand a dealer network, be familiar with modern marketing techniques and assume responsibility for financial control of the company within guidelines established by the Parent Company.
Salary indicator £15,000 plus benefits.

SALES MANAGER

Applicants must have held successful senior sales appointments preferably in a related market. He/she must have ability to build a sales force, formulate long-term sales policy and achieve set targets. Reporting directly to the Managing Director.
Preferred age 30-40.

Salary indicator £9,000 plus benefits.

Location Central South Midlands

Written applications in the first instance with full C.V. to:—

D. H. ROBSON
NORCEM HOLDINGS LTD.
BENNET HOUSE, 54 ST. JAMES'S STREET, LONDON SW1A 1JT

P/A SECRETARY

for

LEADING U.S. INVESTMENT BANK

to work with senior executive in charge of newly-formed department handling U.S. equity sales in U.K. and on the Continent. Applicant should either be registered with the NYSE/NASD or be sufficiently motivated to become registered. Position offers substantial opportunity for professional/financial advancement for person skilled in administration, adept at dealing with clients and with a working knowledge of U.S. securities stockbroking.

Please send brief details to Box A.6890, Financial Times, 10, Cannon Street, EC4P 4BY.

AMERICAN TRUST COMPANY

IN WEST END

requires

Assistant to the Investment Officer. Applicants should have previous Merchant Banking/Stockbroking experience in record keeping and simple statistics. The knowledge of Eurobond settlement procedures would be useful. Attractive environment and salary.

Write Box A.6891, Financial Times, 10, Cannon Street, EC4P 4BY.

Financial Director

A finance manager of high quality is required as Financial Director of a diverse group of companies under private ownership in the North East of England. The applicants will need to approach forward planning, funds management, data processing, financial accounts and the provision of management information with equal skills and enthusiasm and to look forward to slotting into a small senior team assisting the Managing Director. It is unlikely that anyone under the age of 40 will have achieved the necessary breadth and depth of experience required.

Salary and terms of employment will fully reflect the important contribution expected.

For further information please contact

Geoffrey Wilson by telephoning 01-730 0137 or send Curriculum Vitae to Executive Preselectors Ltd., 8A Symons St., Sloane Square, London SW3 2TJ

EXECUTIVE PRESELECTORS

Portfolio Manager

-Far Eastern markets

The Post Office Staff Superannuation Fund is seeking a Portfolio Manager to be responsible for Far Eastern markets with particular reference to Japan. The Fund is one of the largest and fastest growing pension funds in the U.K. and has a growing involvement in the Pacific Basin area. Applicants must be prepared to travel to the Far East and ideally should have several years experience of the area. Salary will be competitive and commensurate with the responsibilities involved. Applications, with curriculum Vitae should be sent to G. J. J. Dennis Esq., Director of Securities Investment, Post Office Staff Superannuation Fund, Equitable House, 47-51 King William Street, London EC4R 9DD.

هكذا الأصل

SENIOR LEGAL OFFICER

Required for Service in Middle East

£22,000 per annum

A major oil company with a multi-national workforce requires an additional Senior Legal Officer to be responsible for the legal aspects of contracts relating to major construction projects. The principal functions of this post are:—

- Drafting and preparation of legal documents (in English);
- Contract and tender negotiation;
- Negotiation and settlement of claims.

Applicants must be Barristers or Solicitors currently engaged in the commercial law field having at least five years' experience of contract work relating to major construction projects. Ideally they will be under 45 and able to demonstrate their effectiveness in a challenging and complex environment. Conditions are excellent and comprise:—

- Air-conditioned accommodation at nominal rates;
- Free medical care;
- 42 days' annual return leave with paid return passage to home of record;
- Extensive recreational facilities;
- Biannual return flights for children educated outside the Middle East;
- Assistance with the cost of education for children;
- Open-ended contract with a three months' notice clause.

The total remuneration package consisting of basic salary, cost-of-living allowance and annual service benefit will be Sig. £22,000 (approx.) (at the current rate of exchange) paid locally. Local salaries are at present tax free and are fully transferable. Interviews will be conducted in London and applications with appropriate curriculum vitae should be sent to Box A.6886, Financial Times, 10 Cannon Street, EC4P 4BY.

Operations Director

The company has a household name, is backed by the resources of an international business, and enjoys substantial shares of a range of consumer, hospital, and other professional markets for health care products. Location South of England.

- RESPONSIBILITY is for all aspects of manufacturing, materials, and distribution, management embracing several plants with expanding output.
- A RECORD of accomplishment in process flow production of consumer goods is essential, as is the ability to contribute to top management policy making.
- PREFERRED AGE: 40s. Salary negotiable around £20,000, plus bonus and equity participation.

Write in complete confidence
to A. Longland as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

Divisional Chief Executive

This is an appointment to the Main Board of a major northern industrial group whose sales of £100 million stem from a wide range of business activity.

- RESPONSIBILITY is to develop and maintain profitable growth of the distribution division servicing the Building and Engineering trades. Sales of over £40 million are achieved through Factoring, Merchanting and Retailing from centres throughout the UK.
- EXPERIENCE in general management in a rapid growth merchant trading organisation with a country-wide distribution network is required.
- THE SALARY indicator is around £25,000.

Write in complete confidence to
J.E.B. Drake who is acting for the Group.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

International Lawyer

31. English education, fluent French, dynamic, welcoming responsibility, valuable experience in large multinational in Switzerland, seeks challenging career position. Swiss Permit C. Prepared to relocate.

Write Box F.1145, Financial Times, 10 Cannon Street, EC4P 4BY.

IF YOU'RE GOOD YOU WILL EARN £20,000 IN 30 DAYS SELLING OUR OVER-STOCKS (MEN'S AND BOYS' CLOTHING)

We have volume stocks of imported merchandise (South Korea, Hong-kong, etc.) available for placing either on the export or home market. The range is made up of extremely saleable men's and boys' clothing. If you have the right connections, we are ready to work and earn, contact:
Box A.6889, Financial Times,
10, Cannon Street, EC4P 4BY.
NO BEGINNERS PLEASE

UNIVERSITY OF ABERDEEN
DEPARTMENT OF PUBLIC LAW
LECTURESHIP

Applications are invited for a newly-established Lectureship in the above Department. An interest in Public International or European Law would be an advantage.
Salary on scale £4,333-£8,292 per annum, with appropriate placing.
Further particulars from The Secretary, The University, Aberdeen, with whom applications (two copies) should be lodged by 8th October, 1979.

Marketing Director

BUILDING MATERIALS

- FOR A LEADING company whose range of manufactured products enjoys brand leadership. The profits record is good, and significant further business development is intended. Location South East.
- RESPONSIBILITY is to the managing director for developing and sustaining profitable sales in existing and new product markets, through forceful and imaginative marketing planning and sales implementation.
- A RECORD of success in line management in a field related to the construction industry is essential.
- PREFERRED AGE 35-45. Salary unlikely to be less than £12,500.

Write in complete confidence to
A. Longland as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

ASSISTANT GROUP SECRETARY

Circa £7,500 plus car

Opportunity to work at the HQ of a listed, medium-sized plastics group. Responsibilities will embrace Group Secretarial functions including legal and insurance matters, statutory requirements, property matters, pension scheme development, and HQ support staff recruitment.
The position is open to men or women ideally in their early thirties with A.C.I.S. qualification, and preferably with a degree, who are already experienced in at least some of these functions at unit or corporate level. Relocation assistance will be given where appropriate.
For an application form please contact the Secretary.
BERNARD WARDLE AND COMPANY LIMITED,
Wardle House, Knutsford, Cheshire, WA16 6HL.
Telephone number: (0565) 54881.

bw

MANAGING DIRECTOR
CHIEF EXECUTIVE OFFICER

For a manufacturing, engineering and marketing operation near London, 250 people. Industrial products, subsidiary of American manufacturer, but operating independently. Our present Managing Director/CEO plans to retire within the next 2 years, so we plan to fill this position during the next 12 months.
Products are in fluid heat transfer and instrumentation, a market leader with substantial export. Current sales are £4,000,000 per annum and we plan to grow to at least double this size in next five years. Position holds total profit and lost responsibility for continuing a successful, profitable operation. Adequate financing, new production and office facilities, product line established, accepted and respected. Applicants must have proven record of accomplishment in light machinery manufacturing, engineering and strong management background. Position reports to a Senior U.S. Officer. Excellent salary and fringe benefits.
Initial interviews will be conducted in London during week of October 1. Please give a phone number so appointment can be made between September 27 and 30. All replies will be held in strictest confidence.
Write Box F.1142, Financial Times, 10, Cannon Street, EC4P 4BY.

£6,000 accountancy appointments £9,000

Senior Auditor

Essex £10,000+

A large and expanding financial service company offers a key audit position which would be particularly attractive to a qualified accountant with an interest in data processing.

Candidates, ideally 27 to 35, must be qualified accountants with a strong EDP background. They must have the personal qualities which enable them to achieve their objectives with tact and understanding.

The attractive benefits package includes mortgage facilities at preferential rates.

For an application form, write in confidence showing how you meet the specification and quoting reference 2828/E, to J. H. Cobb, Peat, Marwick, Mitchell & Co., Executive Selection Division.

165 Queen Victoria Street,
Blackfriars,
London, EC4V 3PD.

Peat, Marwick, Mitchell & Co.

R·H

CORPORATE TAXATION

C. London c £8500

A Major U.K. public company requires a young accountant for its taxation department. Liaising with the company directors, the successful applicant will be involved with all aspects of taxation including various ad-hoc special investigations and projects. The position offers the opportunity to enhance your experience by working within a highly qualified and well-managed tax department.
Contact: Tony Justin.

MARKETING ANALYST

South of London £8000

The group is medium-sized, has worldwide interests and combines professional management with entrepreneurial flair. The appointment involves daily liaison with the Managing and Financial Directors. Responsibilities include carrying out market & project analyses, monitoring the performance of a major business area & acting as the marketing expert within the financial management team. Applicants must be qualified, preferably ACA, with executive potential.
Contact: Graham Perkins, ACMA.

WORLD TRAVEL

Rural South £9000

This exciting opportunity involves 50-60% travel to Europe, Africa, Middle East and India. A new professional team has been formed by this diverse U.S. multi-national group. Your initial role will be to make critical reviews of such areas as systems, financial reporting, marketing and production. Promotion will be within 2 years. A language is desirable but assistance will be given for language courses, if necessary.
Contact: Nigel Hopkins, FCA.

CREDIT MANAGEMENT

S.E. London £8000 + Car

An expanding European owned service company wishes to strengthen its management team with the appointment of an experienced, yet young and versatile Controller. In addition to taking overall responsibility for the credit function, a fairly demanding task in its own right, the new incumbent will also be given the job of providing a personal liaison link between the company and the senior management of its widely diversified clientele.
Contact: Mike Dudman.

MANAGEMENT ACCOUNTANT

West End £8500

A leading U.K. consumer products manufacturer seeks for this key appointment an accountant who combines commercial experience with keenly developed analytical skills. The successful applicant will have responsibility for providing a full management accounting service, considered crucial to the company's decision-marketing process. This includes highlighting areas of strength and weakness and making recommendations for improving efficiency and profitability.
Contact: Terry Nice.

Tel: 01-606 6771
Lee House, London Wall, London EC2Y 5AS

ROBERT HALF
Accountancy & Financial Personnel Specialists

Commercial Director

Salary up to £13,700 p.a.
(With further increase due in January 1980)

Welsh Development Agency

The present Commercial Director is leaving on appointment as Chief Executive of the English Industrial Estates Corporation and the Agency is seeking a suitable replacement.

The Agency owns 3,000 acres of industrial land and some 16,000,000 square feet of factories let to over 400 tenants. The Commercial Director is responsible for the management and development of these holdings.

The responsibilities include:

a) management of the industrial estates: maintenance of the property: and relations with tenants.

b) initiating proposals for development and expansion and contributing to the execution of approved schemes. The Department acts as client of the Construction Department, acquires new land, and negotiates with tenants expansion and other projects.

c) securing new tenants, negotiating leases and rents.

The Director works closely with other Departments of the Agency including the Investment Department and with Government and Local Authorities.

The Director is responsible immediately to one of the Executive Directors of the Agency and through him to the Board of the Agency.

The successful candidate will need to have a professional qualification and extensive experience at senior level in the management and development of industrial property. Knowledge of industry in general and proven negotiating ability as well as capacity to supervise a large staff will be essential.

Salary will be on a scale from £10,300 to £13,700 but this is subject to review in January 1980. The Agency has a contributory pension scheme and generous assistance will be given with relocation expenses.

Please write or telephone for an application form, to be returned by 29th September 1979.

Personnel Department, (Ref 491FT),
Welsh Development Agency,
Treforest Industrial Estate,
Pontypridd, Mid-Glamorgan, CF37 5UT.
Telephone Treforest (044 385) 3571.

ACCOUNTANT GROUP

Expanding Banking and Finance Group specialising in Instalment Credit and Mortgages require a Qualified Accountant for the position of Group Accountant located in the City.

Finance House experience essential as the successful applicant will be responsible for all the accounting functions of the computerised Instalment Credit, Leasing, Banking and Mortgage Divisions.

This is a management position calling for judgment and decision and offers scope for promotion. Excellent competitive salary and benefits include: Non-contributory Pension and Life cover; Non-contributory Permanent Health Insurance; House Mortgage Loan facility; Free BUPA cover; etc. Please apply in writing in the strictest confidence to:

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NOTICE IS HEREBY GIVEN that the Record Date and Time for preparation of the Debenture Interest payment due on 30th September 1979, is Monday, 17th September 1979 at 9.00 a.m.
By Order of the Board,
J. F. GITTUS, Secretary.

PUBLIC NOTICES

NORTHAMPTON B.C.

£770,000 Bills issued 5th September 1979 due 5th December 1979 at a rate of 13½%. Total applications £9,240,000. No other Bills outstanding.

SOLIHULL METROPOLITAN BOROUGH

£3,000,000 Bills due on 5th December 1979 were offered on 5th September 1979 and were allocated at a rate of 13½%. Applications totalled £25m. This issue will bring the total of Bills outstanding to £4m.

EXETER CITY COUNCIL BILLS

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STRATHCLYDE REGIONAL COUNCIL BILLS

£6,000,000 Bills issued 5th September 1979 maturing 5th December 1979 at 13½%. Applications totalled £48,000,000 and there are £24,000,000 Bills outstanding.

HAMPSHIRE COUNTY COUNCIL BILLS

£5,000,000 Bills maturing on 21st November 1979 were offered and issued on 22nd August 1979 at an average rate of 13 21-64ths per cent per annum. Total applications for this issue amounted to £46,000,000 and there are £39,000,000 Bills outstanding.

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LOMBARD

Looking for a chief adviser

BY PETER RIDDELL

WHITEHALL and the economics profession are astir. Since the report in this paper at the end of last month about possible successors to Sir Fred Atkinson as Chief Economic Adviser to the Chancellor there has been no shortage of speculation and comment. The appointment is important both because of the significance of the post itself and because of what it shows about the Tories' efforts to change the direction of economic management.

Short list

Personal

Sampling the '78s and sweet Bordeaux

WINE

BY EDMUND PENNING-ROWSELL

WINE tastings arranged in London for the benefit of merchants and those who write about wine are different these days. Not so long ago they consisted largely of wines that had at least arrived at the state of being in bottle and to some extent were ready to drink. Now, at least when it concerns bordeaux and burgundy, one must expect cask samples hastily put into bottle before being flown or shipped over.

Most of the vintage wine tastings that I have attended in recent months have been of distinctly young wines, usually of the 1978 vintage, and directed largely at trade buyers, who nowadays do not hesitate to pass on without delay their purchases to their retail and institutional customers. Few apparently can afford to carry stocks—except, it seems, corporate or private consumers, who are now expected to carry not the can but the cask, in the sense that they are called on to buy the latest vintage from Bordeaux, Burgundy and even the Rhône before the wines have been bottled.

Yet it is only fair to the merchants to say that, much earlier than used to be the case, they too have to make up their minds—and in the case of the large groups their accountants' minds—as to whether, what and how much they must buy of each vintage.

For those on either side of the counter this is obviously much easier with wines that lend themselves to early bottling and consumption, notably Beaujolais and German wines.

The 1978 Beaujolais has been much written up, not surprisingly after the poor, excessively acid 1977s. I have been able to taste a wide range of examples from several of the leading growers, including Georges Duboeuf, Loron and the Evantail group of growers.

They are indeed typical beaujolais, with an attractive bouquet, and a light, easy-to-quaff flavour. They have a certain acidity, but this is balanced by the fruit. They are acclaimed as typical beaujolais, much more so than the bigger, fuller-flavoured 1976s, now described as untypical. Personally, while I find these 1978s very agreeable for current drinking, the superior "cru" wines—Fleurie, Moulin-à-Vent, Morgan, etc.—lack some body and stuffing.

If it is correct, as one is encouraged to believe these days, that Beaujolais is simply a superior *vin de l'année* then one does not need to look far ahead. Yet I take the view that these leading Beaujolais district wines do improve with bottle age, which indeed they need. Not only are the better 1976s very good now, including an excellent Duboeuf Fleurie that I recently enjoyed, but I would expect them to last for several years. After all, the 1971s can still be in very good heart. No one should be discouraged from buying the attractive 1978s, but any "cru" 1971s still to be found on reputable merchants' lists might well be "looked at" too.

Among the German wines I had expected rather better things of the 1978s, compared with the distinctly moderate 1977s; but on the whole I have been disappointed, even with the wines of highly respected estates. Some carefully chosen 1977s, particularly from the Moselle, today seem to have more to them. Unfortunately, severe frosts early this year, particularly on the Moselle, have made a large 1979 crop doubtful, and certainly not inexpensive. In fact, Germany needs a good vintage to follow the fine 1975s and 1976s, though with less emphasis on the richer qualities.

Although one or two firms have already offered 1978 burgundies, I have only sampled a few from the less esteemed, but also less expensive Côte Chalonnaise: Givry, Montagny and Rully. These appear to be fruity wines, and well worth buying when first offered. As to the Côtes d'Ors, there is no reason to doubt their excellent quality, and I am inclined to believe that there has been something of an over-reaction to their indubitably high prices: about double those of the 1976s, which were not considered exactly given away.

Yet it should be borne in mind that the quantities produced on the Côtes de Nuits and de Beaune are very small in relation to demand and in comparison with Bordeaux. Further, Burgundy in the 1970s has not been favoured with as many fine vintages as the Gironde, especially for red wine: perhaps three as against five.

Moreover, after the devastating Côte de Nuits hail damage in June, the prospects of lower prices for an inevitable small total crop are almost nil, and the vines may have been so "scorched" as to affect the 1980 one also. So those who have not decided to banish Côte d'Ors wines for ever from their lives, should certainly take any opportunities offered to represent the 1978s in their reserves.

Absence abroad led me to miss more than one of the London tastings of 1978 clarets, but I was impressed by the colour and fruitiness of those shown by French Wine Farmers Ltd on behalf of the Moulis firm of Dourthe, which owns the estate of Maucaillou, always a well-made wine, albeit etched with the tannic firmness common to all Moulis wines.

The 1978 is fruity and nutty. Also shown was the 1978 Cissac, big-coloured and with the oaky aroma and taste derived from the new oak casks into which the young wine is put. Two classed growths that showed very well were du Tertre, which has the Margaux appellation, and La Lagune, which had plenty of body and a long taste.

Among other 1978 classed growths with an excellent reputation, but which I have not tasted, are Pichon-Lalande, Léoville-Las-Cases and Ducru-Beaucaillou. These and lesser wines, often very moderately priced, have been widely offered over the last few months, not least by some of the enterprising smaller firms that are not afraid to rush in where the larger concerns fear to tread. Among such firms from whom I have had offers are Barwell and Jones of Ipswich, Tanners of Shrewsbury and Townsend of Coleshill, Amersham. If one wants to acquire 1978 clarets, one can hardly go wrong by buying them now—ex-cellars in Bordeaux or in bond here.

However the most agreeable and interesting tasting attended in recent months was an immense one at Sotheby's of "the great sweet wines of Bordeaux," held in conjunction with a new book on these wines by Jeffrey Benson and Alastair Mackenzie, published by them and which in due course I hope to review. Forty-nine wines from 1976 back to a solitary 1959 were available for tasting, and ranging from the Premières Côtes de Bordeaux to Sauternes, and from little-known growths to Yquem and Climens.

Such a marathon tasting of these full-bodied, luscious wines is particularly arduous, and judgments may become increasingly unreliable as the course along the line is followed. But I found the 1975s better balanced than the 1976s, which lacked a certain degree of acidity. The 1973s were deficient in character, but the 1971s stood up well to the 1970s. Some 1975s, including Yquem and Suduiraut, showed more colour than expected, but the Yquem, slightly oaky on the nose, was deliciously liquorous in flavour.

Paler and also very luscious was the 1975 of Climens, also distinguished for its 1971. Lower down the hierarchy of 1975s I liked Doisy Védrines, de Malle, Nairac and Broustet; of the 1971s Rieussec and Lafaurie-Peyraguey (deliciously fruity), and of the 1970s, Filhot and Doisy-Daëne.

If more of those who seldom fail to enjoy these engaging wines when provided, actually bought them—and none save Yquem is really expensive—life would be a good deal easier for the growers in this part of the huge Girondin *vignoble*.

Strong line for Hastings-Bass

RACING

BY DARE WIGAN

PACE JEAN, trained by Guy Hardwood, confirmed his usefulness when he won the valuable Sirenia Stakes for two-year-olds by a neck from Hard Fought at Kempton on Saturday.

Tulchan Lodge is not the only likely winner for Hastings-Bass today. Mitigator has sound prospects in the Kendal Stakes. At Folkestone, Louise looks like opening her account in the

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THE ARTS

Dartington moves into the Eighties

by NICHOLAS KENYON

Peter Maxwell Davies is to be the new director of the annual summer school of music held at Dartington Hall in Devon. He succeeds Sir William Glock, who has this year retired after guiding the summer school through all but the very first of its 32 years' existence.

The influence which "Glock's circus" had on the musical life of this country during the 1950s is difficult to over-estimate—but also hard to appreciate, as the causes which espoused and the talents it stimulated all won much wider recognition during the 1960s, when Glock was Controller of Music at the BBC. Earlier, though, at a time when English musical life was content to remain insulated from the liveliest developments of post-war music on the Continent, the summer schools (first at Bryanston, and then from 1953 at Dartington) brought a whole generation of young composers and players into contact with some of the finest teachers of the day. Boulanger, Blacher, Hindemith, came in the first years; later Stravinsky, Nono, Lutoslawski, and many others; and latterly Harrison Birtwistle, Morton Feldman, Elliott Carter, and Peter Maxwell Davies have taught composition there.

Many of the leading younger composers learnt more, as one of them put it, from a month at Dartington than from three years at one of the London music colleges. When he was a student Peter Maxwell Davies came to translate and interpret for Nono (taking a few tight-knit Italian sentences and turning them into a passionate half-hour lecture, Glock recalled). Some composers, like Hugh Wood and Gordon Crosse, worked in the office to earn their keep shifting benches and pianos—as have countless numbers of would-be musical administrators (and even the odd critic).

Around the central work of teaching composition, the summer school has provided something very like a residential festival. With the support of two indispensable allies—the school's secretary, John Amis, and its registrar, Beatrice Musson—Glock has run an interlocking programme of practical master-classes, workshop sessions, formal lectures and less formal study classes, chamber music coaching (public and private), orchestral playing, plus a nightly professional concert.

Choral works are rehearsed each week—this year under John Alldis, Andrew Parrott, Richard Hickox and Michael Brewer. In the last week this August, Sir Michael Tippett arrived to hear the Lindsay Quartet give one of two performances of his Fourth Quartet; there was a recital and master classes by the school's constant supporter and participant George Malcolm; the talented young Chetham's School Chamber Orchestra from Manchester were in residence, giving a Tchaikovsky Serenade for Strings of extraordinary power under Malcolm Layfield, and accompanying the choir in Handel's *Alexander's Feast*; and the Netherlands Wind Ensemble materialised in an unpredictable succession of half-concerts, open-air serenades, late-night filmings and much else.

Among all this fine music-making and fun, Glock feels that the original didactic purpose of the summer school has been increasingly obscured. The graph which he draws with his hands in the air shows where he thinks the climax of the school's work came—in the years just before he started at the BBC. Now, he says, one person cannot start a second revolution. If there is anybody who, understanding the school's tradition and purpose, will be able to give it a new sense of artistic direction, then that is probably Peter Maxwell Davies. This summer he was giving little away about his plans, assuring those who feared immediate and radical change that progress would be evolutionary.

It will, however, be an uphill struggle to turn what has become predominantly a comfortable event back into a challenging one. Only a few years ago at Dartington we were still being faced with Birtwistle pieces in the choral sessions, the Kontarsky brothers playing Boulez *Structures* and (almost unbelievably) the British premiere of Carter's Third Quartet. There was little in this year's mixture to remind us of those days. Some of us really learnt to listen to music at Dartington, in the unique atmosphere of concentration which only an audience which is willing to work at the task of listening (and not merely relax on a night out) can provide: and we will always regret it if our concentration is not strained to the utmost by what we hear.

Finally, there is the summer school's equivocal relationship with Dartington Hall itself—ostensibly just a paying visitor for a summer month, but after 26 years, much more than that. Dartington itself is changing: its schools no longer have the snidely derogatory "progressive" tag of the 1930s, its teacher training college is officially supported and subsidised: its huge and varied estate now has to work all the harder for its living. Leonard and Dorothy Elmhirst, creators, inspirers and providers of Dartington's first vision, are both now dead. Under Maurice Ash, as chairman of the trustees, the Dartington ethic [illegible] of "useful" work", which embraces the farm, the gardens, the glass works, the highly sophisticated craft centre and burgeoning nearby shops and, perhaps, who knows, the cream teas at the estate outpost of Cranks.

Peter Maxwell Davies has declared his interest in integrating the work of the summer school with Dartington and its district (much as he has involved local resources and interest in his own St. Magnus Festival on the Orkneys). As both Dartingtons look for new visions for the 1980s to replace the confident direction of the 1920s and 1950s, this provides one of the best hopes for the renewal of what has been, until now, a uniquely fruitful undertaking.

Arts Council wins agreement on taxation of awards

The Arts Council has achieved something of a coup by reaching an agreement with the Inland Revenue over the taxing of its awards to artists. In its last financial year the Council made 1,500 such awards with a total financial commitment of almost £600,000. Now, in an unusual move, the Inland Revenue has reached a blanket agreement with the Arts Council on taxing supported artists.

In future awards in respect of training schemes, or to enable creative artists to devote time to research and development, will be non-taxable, while grants offered in respect of specific non-training projects will be taxable. There is nothing to stop the Arts Council offering both categories of aid to artists who will then be able to offset the expenses against their taxable income first.

Among the awards and bursaries that are chargeable to tax are direct or indirect musical, design or choreographic commissions, as well as sculpture and paintings for public sites; the contract writers scheme; royalty supplement scheme; jazz bursaries; translators' grants; and performance arts awards. Free from tax are bursaries to trainee directors; bursaries for actors and actresses and for technicians and stage managers; bursaries for people attending full-time courses in arts administration, and Buying Time Awards.

A.T.

'Personification of Fame' by Strozzi

National Gallery

The glory of the seicento

by DAVID PIPER

For most people who enjoy painting — other than professional art-historians — Venetian painting seems to cease after Titian, Tintoretto, Veronese; all dead by 1600, and resurrect only around 1725-50, in the prime of Tiepolo, of the very different Canaletto, and then of Guardi. For most of us there is a gap for well over 100 years. The whole of the 17th century. This isn't peculiar to Venice — for the 17th century the art of Holland and Flanders, and to a lesser extent France and Spain, still answers most people's visual appetites, rather than that of Italy. The art-historians' obsession with the Italian 17th century, known in the trade as the *seicento*, a huge growth-industry of this century, has not infected a much wider public: Caravaggio is probably an exception.

Part of this reluctance to surrender to the majestic achievement of the Carracci, of Domenichino, Guercino, Reni, stems evidently from the nature of the subject-matter. This, when religious, the visual expression of the emotional assault of the Counter-Reformation, is not only and inevitably Catholic, but papistical often, with an emphasis and rhetoric that still bruises the sensibilities of those brought up to C of E understatement. For those (most of us) who see first in a painting what it says rather than how it says it (before, on longer contemplation, the two fuse), the immediate reaction may be a shock of revulsion that can prove insuperable and lasting. In the new and pioneering loan exhibition at the National Gallery (until November 30), *Venetian 17th Century Painting*, there is for example the National Gallery's own formidable *Judith with the Head of Holofernes* by Johann Liss.

This could be described in terms of a variation on a theme later formulated by Ingres in one of the most popular of all paintings — his *La Source*: a seductive nude maiden pouring water from an urn on her shoulder. Liss has a maiden, voluptuously half-clad, turned away from the spectator so that her splendid back and not her front is seen, but she too has a receptacle dispersing liquid to the spectator, under her arm rather than at her shoulder. Her receptacle is the body of Holofernes, gushing blood from the decapitated neck. The comparison is merely to underline the shock—for those who see the painting in the first instance as an illusion of actuality. Only a bit later may they be prepared to agree with one of the adjectives applied to the painting in the catalogue—as "prime and exquisite original." Technically, it is indeed a stunning piece of virtuosity: as illusion, it is very horrid, and disturbingly ambivalent in its appeal to the senses.

Liss's painting is however the most violent in the show, even though there is a fairly frequent thrusting of flesh (usually martyred or wounded in some way or another) at the spectator out from the foregrounds of large, slightly over-lifesize, crowded canvases. The exhibits are however drawn entirely from British collections (plus important contributions from Dublin), so that one staple of Italian painting, the altarpiece, is not copiously represented; just as well no doubt, as Venetian painting had generally settled into fairly tedious routine repetition of established formulas when it came to altarpieces. The exhibition is also not concerned with the topographical tradition that was to culminate in the favourite of British grand tourists — Canaletto. Though pious and biblical themes inevitably predominate, the religiosity of much Italian painting of the period is alleviated throughout by that richness of colour, that exhilaration of light, with which Venice has always managed to inspire painters, whether native to her or "foreigners" settling. The three outstanding painters in Venice early in this period were indeed from elsewhere: Liss from Germany; Fetti from Rome; Strozzi from Genoa. Of these the last two are the best known in Britain, and their variety is infinitely richer than suggested by my remarks so far. Visitors to Hampton Court can normally see much of Fetti, as he worked for the Duke of Mantua and was represented prolifically in Charles I's bulk acquisition of the Gonzaga collection. He was also a favourite of later collectors, and responsible for some elegantly vivid portraiture — sometimes in a vein of melancholic apprehension worthy of Van Dyck, though he cannot have known the Fleming's work. Master too of delightfully painted, and small, parable subjects.

Strozzi, who worked longer in Venice (between 1621 and 1644), will be the most familiar, and is well represented in all his considerable range. The most purely delightful painting in the exhibition is his. Various strains are absorbed into his style — from Genoa, very much from Flanders (Rubens inevitably, and apparently also Van Dyck); there is a hedonistic pleasure in the sheer handling of paint besides the lift of light and colour that obviously met the Venetian taste. The Gallery's own figure of *Fame*, that insouciant girl with the two trumpets, is well known, the marvellous celebration of *Summer* and *Spring* from Dublin less so: they are among the most delicately enchanting decorative pictures of the whole 17th century. True, Strozzi, like Liss, has a Judith here (from Christ Church), but at once more humane, more matter-of-fact, more credible on a literal level, than Liss's stupendous melodrama: Judith, holding the severed head and a workmanlike sword, manages to look both respectable and slightly apologetic — a woman's got to do what a woman's got to do. Strozzi's achievement in atmospheric portraiture is also well represented.

The exhibition is designed to illustrate the acclimatisation of many external strains—the Caravaggist, the Flemish baroque of Rubens and Van Dyck, the central Italian baroque of Reni and Guercino—into the Venetian tradition. The names of probably several painters of high distinction will be virtually unknown to most visitors, but should not now remain so. Renieri, Zanchi, Celesti, for instance. An astonishing painting by Mazzoni, a steep perspective of three female figures seen from behind, hurtling on some murderous mission, seems to anticipate not so much the movement of Tiepolo as that of a 20th-century Futurist such as Boccioni. The dynamism of the women infects even the architectural setting. A known name will be Pietro della Vecchia. He is a key figure as far as British collectors of the 17th- and 18th-centuries are concerned, not usually for his topicality but for his ability to recapture (with a zest perhaps of Caravaggism added in) the picturesque poetics of Giorgione, and yet also to express them with true baroque brio. All English collectors yearned for Giorgione, but the supply was (to put it mildly) limited and Pietro della Vecchia provided the substitute. He was even held by some of his contemporaries to be faking Giorgione. He is an important strand in the subsidiary theme of the exhibition, that of the taste for and patronage of Venetian 17th-century peinters in England from Charles I (and from indeed Sir Henry Wotton, ambassador in Venice and keen collector) up to Consul Smith—Canaletto's patron, but already rather mixed up about earlier attributions, selling Fetti's superb *Vincenzo Avogrado* here to George III as a Van Dyck. Pietro is perhaps under-represented from this point of view of the exhibition: one of the more Giorgionesque pieces (like those at Stonor) would have been very relevant.

The exhibition closes with Bellucci, Sebastiano Ricci, Pellegrini—travellers all, all with their English periods, and opening up towards the lighter and more open key of the rococo, towards Tiepolo. A show not to be missed, and full advantage should be taken of the catalogue, very reasonably priced thanks to the wisdom of the Trustees subsidising out of profits from postcards. In his introduction, Homan Potterton has produced the best concise guide to the subject available, and his catalogue entries are remarkable not only for the lucid orientation in art-historical terms, but for the courtesy with which, by spelling out the story-line in each case they respect the disappearance of biblical and mythological story from common knowledge. You may know what Judith did to Holofernes, but are you aware what innocently nipine Mercury is about to do to Argus?

Albert Hall/Radio 3

Messiah

On Sunday the Albert Hall, home of so many performances in the grand choral society tradition, as well as their "scratch" offspring, entertained a brilliant *Messiah* in the authentic small-scale mould. The chosen version was reconstructed from a score and parts faithfully representing the performance given at Covent Garden and the Foundling Hospital in 1754 under Handel's supervision.

Rarely has the recent enthusiasm for authentic text, forces and performance style produced such striking and artful results, revealing fresh insight into a familiar masterpiece. The unified success was due not only to the consistency of the version but to Christopher Hogwood's Academy of Ancient Music, which has at last furnished sufficient experience and rehearsal to weld some of our best performers on baroque instruments into a coherent and confident orchestra. Its neat delicacy and clarity provided a discreet support to the 31 bright and lucid voices of the choir of Christ Church, Oxford which, under the direction of Simon Preston, has also achieved distinguished results recently in the realm of baroque music.

The vocal soloists, all expert in the early repertoire, were equally impressive in their crisp phrasing and diction. Martyn Hill exalted "Ev'ry valley" with superb articulation and ornament; Emma Kirkby sparkled brilliantly in an unusually high (A minor) version of "But who may abide," which sounded somewhat foreign to the prevailing tonality; Carolyn Watkinson achieved an eloquent simplicity in "He was despised," eschewing ornament in the *da capo*.

The light forces and brisk *tempi* of Mr. Hogwood not only revealed the beauty and lucidity of Handel's melody and counterpoint but ceded little of the traditional grandeur and drama.

FRANK DOBBINS

Edinburgh Festival

R. R. Bennett and others

No other musician than Richard Rodney Bennett would have a new horn sonata and a new work for cello and orchestra presented at a major festival, and at the same festival appear as the late-night partner of such an entertainer as Marian Montgomery — her partner not only at the piano, but vocally too. He even manages to sing American, though not with quite sufficient impertinence to bring off the rhyme of "Harriet" with "vary it."

As a jazz pianist his style is crisp but cosy, his platform manner relaxed. His show with Miss Montgomery, coyly entitled "Portrait of Ladies" and presented in the rather overformal surroundings of the Royal Lyceum Theatre, naturally pleased a Festival audience disposed to take this as light dessert, topping a fairly heavy cultural day. It is difficult to connect this Bennett with the pianist - composer whose partners on Saturday morning at the Freemasons' Hall were Barry Tuckwell and the singers Jane Manning and Richard Jackson.

Mr. Tuckwell introduced (after warming up on some trifles by Saint-Saëns and by Richard Strauss) the new horn sonata which Bennett had written for him. There followed the first performance of a song-cycle written for Miss Manning and Mr. Jackson by Iain Hamilton. This was a distinguished recital: rarely indeed does a single occasion provide two new works by different composers equally deserving acclaim.

What is more, they both aroused unmistakeable enthusiasm from the traditionally cautious Edinburgh audience.

Bennett's sonata skilfully holds the ear. Within a single, uninterrupted movement, it displays a contrast of tempo and mood interwoven with a contrast between the open, stopped, and muted tones of the horn. Though it treats all the 12 notes of the scale more or less equally (the opening phrase of the piano presents them in quick linear succession) there is a most attractive and almost tonal sense of clear direction over a taut frame of some 12 minutes. So long as a soloist as eloquent as Mr. Tuckwell is available—and a partner no less capable than the composer for the difficult piano part—this sonata will surely be prized.

Iain Hamilton's *The Spirit of Delight*, written on no less than 27 poems by Shelley, must be one of the longest song cycles ever attempted to English words, lasting approximately an hour. Ambitious, certainly—not least because it includes *Ozymandias*, a poem much anthologised but not readily suggesting music, and *To Night*, with words which might draw a bigger-scaled (possibly choral) setting. But the ambition proves justified. It remains only to be seen how far the composer is able to promote entire performances of the cycle—whose inner unity must be clearer with repetition—instead of allowing singers to pick out, as they will, such specially delightful songs as *The World's Wanderers* and *Mutability*.

The logic of the poems is keenly and sensitively followed with melodies that are persuasive, apt for the voice but never distractingly ostentatious. Perhaps uniquely, and I praise him for it, Hamilton does not permit himself the indulgence of repeating words for purely musical reasons—as was done even by Benjamin Britten, a masterly song-writer in whose memory this cycle was composed. The risk of monotony in delivery is avoided by the use of both soprano and baritone voices, who occasionally unite in duet. Jane Manning once again showed herself the perfect servant of modern music; less experienced but a devoted artist, Richard Jackson seemed a little tired by the end and occasionally smudged the difference of a semitone. As master of the piano part with its important solo interlude, Richard Rodney Bennett likewise served his fellow-composer's art.

ARTHUR JACOBS

Wigmore Hall

Fujikawa/Markson/Roll

Established soloists often get together at festivals and summer schools simply for the pleasure of performing chamber music. The arrangement is usually not intended to be permanent, merely an enjoyable diversion. Lacking a handy collective name one might expect the piano trio of Mayumi Fujikawa, Richard Markson and Michael Roll — all soloists with well-defined international careers — to fall into the category of occasional ensemble. But this is not the case. The trio has been playing together as often as solo engagements allow since 1976; Saturday evening's recital, though, was the first appearance in London.

The interpretations and ensemble work was further evidence of their well-established partnership, though perhaps as yet they lack the complete unanimity of thought and positive character of the best permanent trios. Inevitably there were a few hang-overs from concerto playing also. Miss Fujikawa played too consistently on top of the notes for a perfect blend; it may be a useful technique in solo works for setting the violin in relief against a full orchestra, but it's distracting in chamber music. Mr. Roll worked too hard at simplicity in his piano solos, as if individual spontaneity would be out of place, while Mr. Markson seemed afraid of unbalancing the textures and as a result the cello line was occasionally inaudible.

But the rest was unalloyed pleasure. The programme consisted of two Beethoven trios—the C minor from Op 1 and the *Archduke*—separated by Schumann's in D minor. The early Beethoven work brought the most spirited response of all: Alert, rhythmically acute playing, relishing the prophetic aspect of the piece more than its Haydnesque moments. The last movement of the Schumann perhaps lost its way, though this was as much the composer's fault as the players', but the *Archduke* trio was almost entirely successful—magical pizzicato work in the first movement's development and an impulsive, joyous finale, largely thanks to Mr. Roll's enthusiastic prompting and shaping.

ANDREW CLEMENTS

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871, 883897
Telephone: 01-248 8000
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The future of BL

EIGHTEEN MONTHS ago Sir Michael Edwardes, chairman of BL, announced what seemed a radical plan to reorganise the company and to bring manning levels and production capacity into line with market needs. Since then the workforce has been cut by some 18,000, productivity has risen slightly and financial performance at Austin Morris in particular has improved. But BL's share of the UK market has continued to decline, while in export markets the strength of sterling has hit both volume and profitability. Yesterday Sir Michael unveiled even more drastic steps to increase efficiency and strengthen the model range; some 25,000 jobs will be lost over two years if the plan is implemented.

Realistic

To carry out this new restructuring of the company Sir Michael will need some extra government money (the amount is not yet known) over and above the £225m which is still due under the so-called Ryder Plan. Thus in the next few months Sir Keith Joseph, Secretary for Industry, will have to answer the following question: has the decline in BL's fortunes become irreversible, in which case the company should be put into receivership, or does the new plan offer a realistic prospect of viability at an acceptable cost to the Exchequer?

On the car side the new measures are designed to tackle the fundamental weaknesses—high production costs and the lack of a competitive model range. Manufacture of vehicles and components will be concentrated on fewer sites, cutting out plants which through lack of scale, poor industrial relations or obsolete equipment cannot be made profitable. The new Honda car, which was to have been sold under the Triumph badge, is now to become part of the Austin Morris line-up, assembled at Cowley and plugging a gap in the vital Allegro-Marina sector of the market. Collaboration with the Japanese company is a way of speeding up the model replacement programme. The hope is that by mid-1984, with the existing Mini, the slightly larger Mini Metro, the Honda, the new mid-range car now under development and a revamped Princess, Austin Morris will have an attractive and rational range of cars to offer.

Together with the Triumph sports cars and the Jaguar and Rover saloons, BL is aiming for a production capacity of 900,000 cars a year by 1984. This is a long way short of the 2m units which some industry observers believe will be the minimum necessary for survival in the world volume car market during the next decade. The BL management believes that the disadvantages of relatively small scale can be offset by collaboration with other companies both on complete vehicles, as with Honda, and on major components like engines and gearboxes.

Can the plan be made to work? After the disappointments of the past 11 years it is hard to be optimistic; as rescue plans, management changes and organisation charts have come and gone, morale within the company and among its suppliers and customers has taken a battering. Yet Sir Michael Edwardes and his team appear to have a more realistic conception of what is needed than any of their predecessors.

Quite apart from the amounts of money involved, there are uncertainties in the plan, particularly on the commercial vehicle side. The decline of Leyland's truck and bus business, once one of the company's main strengths, is in some ways even more alarming than that of the car operations; it is not at all easy to see how it can be arrested. While the plant closures announced yesterday should help to reduce costs, Leyland Vehicles will almost certainly need a partnership with a foreign company if it is to re-establish itself as a significant world producer.

Whatever the Government's attitude to a request for more funds, BL's employees and their union representatives have it in their power to frustrate the latest proposals. But if they should decide to launch an all-out campaign of industrial action against the plant closures, they will be ensuring a further erosion of the company's market position and its ultimate demise, sooner rather than later.

Principles

For the Government BL may be seen as a test of Ministers willingness to stick to their avowed market principles: any further injection of public funds, on top of the much-criticised Ryder Plan, will be attacked in some quarters as a betrayal. Yet BL can also be regarded as a symbol in another sense, as a company which is slowly getting to grips with its productivity problems and is responding to the rise in sterling in precisely the way that is being urged on the rest of industry. Neither its symbolic importance nor its role as employer and exporter entitles it to open-ended support from the taxpayer, but it is too early to write off Sir Michael Edwardes' attempt to save the company as a failure.

Consumers go on spending

CONSUMERS seem determined not to play into the hands of the Government and the Bank of England by cutting back sharply on spending. The retail sales figure for August, the first month after the boom and bust period on either side of the June Budget, show seasonally adjusted sales 2 per cent up on the first quarter of this year and 3 per cent up on last year's average. The 7 per cent jump in VAT, which should, in theory, have encouraged a major shift from spending to saving, seems not to have dented consumers' readiness to spend after the post-Budget dip in July. This goes a long way to explain why the banks are still experiencing a high level of personal loan demand, and why the Bank of England is trying to cajole them into taking a tougher line with their spendthrift personal clients.

The monetary problems created by strong consumer loan demand have been obvious in the past few months' money supply figures, which have consistently overshot the official target range, despite a succession of huge gilt-edged sales. The immediate prospects for a reduction in personal bank lending do not seem very encouraging. October's wage packets will contain the next instalment of the tax rebates announced in the Budget, which, in an atmosphere dominated by fears about inflation, may encourage consumers to gear up further. After that, retail sales will probably rise in the traditional pre-Christmas spending spree.

Experience

While it may create immediate monetary problems, the strength of consumer demand, could, if it persists, considerably soften the approaching recession. Most forecasters have predicted an increase in the savings ratio over the coming year, as a response to the sharp rise in the inflation rate. But it is possible, though it is still much too early for clear conclusions, that consumers may not respond to the current bout of inflation by saving more, as they did in 1973-75. If consumers have learnt from bitter experience that buying durables makes more sense than saving during an inflationary period, the savings ratio could remain at its present level of around 12 per cent well into next year.

This in turn could make the climate next year less deflationary than many of its critics fear. The danger is that, the difficulty of maintaining monetary control this year will mean a delay in the expected reduction in interest rates. Furthermore, the rate of growth of consumer spending will turn down sharply next year, just as the public spending cuts begin to take effect. So the delay in the recession may only make it deeper. Meanwhile, British industry appears currently in no position to benefit from strong consumer spending.

Clearly much of the benefit of buoyant consumer spending, particularly on durables, is going to overseas manufacturers. And if wage costs rise abruptly again over the coming year, while sterling remains strong, there is every reason to expect that import penetration will continue to increase.

Investment

If production costs can be prevented from rising too rapidly — and yesterday's encouraging figures on industrial input prices show that this is now largely a question of avoiding excessive wage settlements—next year could present a better climate for industrial investment. On the most optimistic view, a fall in interest rates and in inflation would be accompanied by a stable exchange rate and the prospect of further increases in consumer spending if the Government were to continue with its programme of tax cuts. Provided wages do not get out of hand the strength of consumer spending could actually make this scenario more likely, by ensuring that Britain does not plunge too deeply into recession.

$630m OFFER FOR HOWARD JOHNSON By RICHARD LAMBERT in LONDON and STEWART FLEMING in NEW YORK

Imps' U.S. bid to break all records

NO ONE has yet bid for the Statue of Liberty. Until someone does Imperial Group's recommended offer of $630m cash (about £280m) for the Howard Johnson Company will probably stand as the outstanding symbol of the wave of foreign takeovers in corporate America.

The orange tile rooftops of the 862 Howard Johnson restaurants are one of the more familiar sights of the U.S. highway. Three generations have been brought up on their apple pie, assorted ice cream flavours, and salt water taffy. More recently the company has diversified into other restaurant chains, and has expended its motor lodge operations. Its place in American mythology was finally assured when the Watergate burglars chose a Howard Johnson hotel to set up their bugging and sabotage headquarters across from the Watergate complex in Washington DC.

For Imperial Group, the bid is the culmination of a process which began seven years ago, when it decided to unwind the market-sharing agreement with BAT industries which had governed the shape of the two groups since the early 1900s.

As a result of that agreement, Imperial had established a dominant share in the UK tobacco industry. But although it had started to diversify into other products in the 1960s, the UK remained the source of most of its income. Its profits before interest in 1978 amounted to £144m, of which only £15.5m arose overseas.

Geographical balance

For some years it has been clear that Imperial intended to change the geographical balance of its trading portfolio. Four years ago, it sold part of its shareholding in BAT for the best part of £80m. Last year it disposed of its shares in Glenlivet Distillers and Bunzl Pulp, and in March of this year it got rid of almost all its remaining shares in BAT for £153m.

Only last month, Imperial announced that it was holding talks with BAT with a view to selling its 50 per cent stake in the jointly-owned Mardon Packaging International. Terms have yet to be disclosed, but will run into tens of millions.

The proceeds of these disposals have been deliberately kept quite separate from Imperial's trading operations. Currently it has around £250m of such funds invested in gilt-edged stock and other liquid securities, and if the Mardon deal comes off the total is likely to rise to over £300m.

So it was with substantial sums of money in its pocket that Imperial started to scan the world for overseas earnings. It started off by looking at countries—and like so many others in the past couple of years, it decided that the U.S. offered the best prospects over the medium- to long-term.

HOWARD B. JOHNSON . . . a new strategy evolved after the 1974 petrol crisis

With the aid of outside consultants, Imperial then started to work through the sectors of U.S. business, eliminating those which were quite remote from its existing operations like high technology or heavy industry. With what remained, it studied the likely future impact of consumer trends, Government regulations, competitive environment and the like.

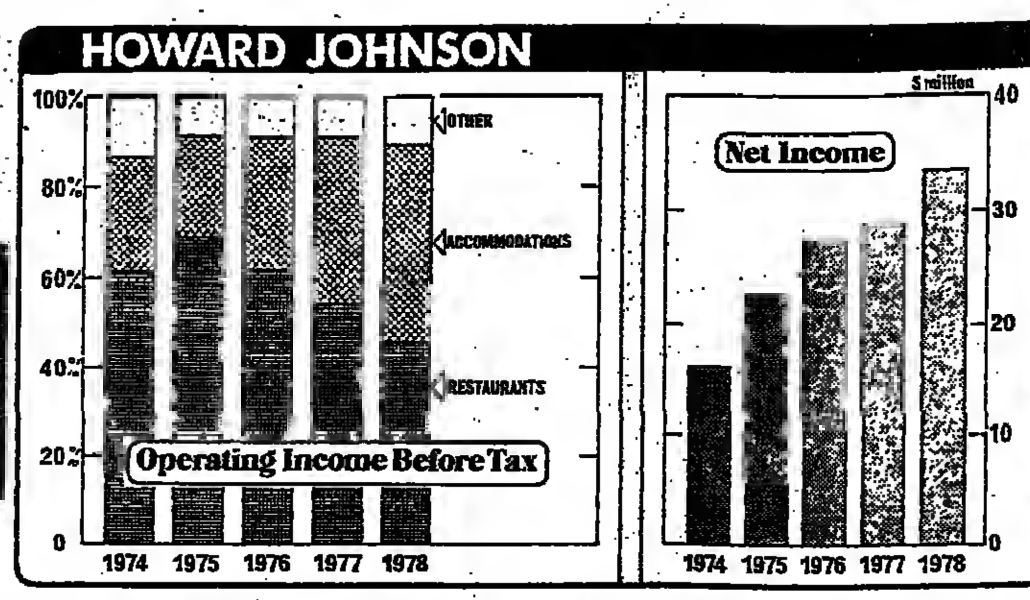
Only at that point did it start to look at individual companies. Finance director Mr. Jim McKinnon yesterday listed some of the criteria by which acquisition candidates had been assessed.

In the first place, the company had to be big enough to make a major impact in its market sector—and on Imperial's business profile. Then it had to have a smooth earnings trend, and strong asset backing.

Johnson's net tangible assets amount to only about $265m, a fraction of what Imperial is offering to pay for them. But according to Mr. McKinnon, this substantially understates the current value of the properties. Imperial would revalue Johnson's assets if its bid succeeded.

Another quality which Imperial was looking for was compatibility—both with its existing financial structure and trading operations. If Imperial succeeds in selling its share in Mardon and buying Howard Johnson, then all its assets will be 100 per cent owned, with favourable implications for its cash flow. Around two-fifths of its profits before interest costs will come from tobacco, the rest will be more or less equally divided between food, brewing and Howard Johnson. And roughly a quarter of its total profits will be generated outside the UK.

As for the financial implications, the enlarged group's interest cost will be covered between four or five times by income, and borrowings will represent no more than about 65 per cent of shareholders' funds. Imperial's executives say that they can live very comfortably with these financial ratios, and the group still has substantial untapped borrowing capacity for its future needs.



By all these yardsticks, Imperial believes that Howard Johnson represents a "unique opportunity." And the scope for flexibility in financing the deal has been significantly increased both by the relaxation of controls in direct investment overseas and the strength of sterling. When Imperial was doing the groundwork for this offer, there were under two dollars to the pound.

Unlike some of the world's other major tobacco companies, Imperial so far has not run into any major disaster with its diversification programme. But some of its acquisitions have produced unimpressive returns over the short to medium term. For instance, the Courage brewing business was bought for the equivalent of over 20 times earnings in 1972, and is only beginning to show worthwhile growth.

It seems quite probable that Howard Johnson, too, will take some years to show its worth to the UK company. Imperial concedes that Howard Johnson was hurt by the petrol shortage in 1974—its net income dipped from $1.01 a share to $0.81—and says that it could suffer again from the latest energy shortfall.

But the recurring theme of Imperial's spokesmen yesterday was that the bid was not being made for short-term objectives. As one put it, rather grandly, "In Howard Johnson, we are dealing with the next decade—and the one after that."

The news that this piece of Americana seems destined to slip into foreign ownership in a year which has already seen the country's second largest supermarket chain, A and P, come under German control is likely to bring home to the American man in the street just how much foreign investment in the country is growing.

But perhaps the deeper significance of Imperial group's bid for Howard Johnson is the evidence it provides of how quickly even some of the most firmly established American businesses can be left behind by changes in taste or social habits unless they are aggressive in keeping abreast with their customers' needs.

IMPERIAL FOOD ACQUISITIONS

Company acquired	Date	Cost
Golden Wonder	1961	£490,000 cash
HP Sauce	Sept. 1967	£22.3m cash
National Canning	April, 1968	£9.7m cash
Ross Group	Sept. 1969	£46.5m cash, loan stock, shares
Allied Farm Foods Gp.	Jan. 1970	£19.0m cash
United Carlo Gatti	May, 1970	£1.2m cash
Pillsbury Farms	May, 1974	Est. $20m via U.S. borrowing
Plastic Coatings	1971	£4.5m loan stock
Courage	1972	£320m shares and loan stock
J. B. Eastwood	1978	£40m cash

Howard Johnson's has been seen as a potential takeover victim for a year or more. The company's dependence on transient customers at its Howard Johnson's was vividly displayed by the 1974 petrol crisis. The crisis, and earnings drop, sent the company into shock; it postponed expansion plans and undertook a reassessment of its long-term strategy.

Changed strategy

Out of this experience a new strategy was evolved by its chairman and president, Mr. Howard B. Johnson, the son of the man who founded the company in 1925 and who, at age 49, is the man who has dominated the company for almost 20 years. The dependence on automobile travel was clearly seen as a point of potential weakness, and moves were intensified to diversify into different segments of the restaurant market. The company began a programme aimed at upgrading its Howard Johnson restaurants, improving the decor and menu at some sites and closing others. Efforts were made to tap the suburban dining market with the aim of securing repeat customers not only under the Howard Johnson name, but also through the specialised "Ground Round" steak houses and Red Coach grills.

These moves fitted in, too, with changing social habits, in particular the growth of the two wage-earning family where the wife did not want to start cooking on her return from her job.

But Howard Johnson's has not had the field to itself. On the contrary, fast food chains such as McDonald's and Pizza Hut, with a much more uniform image in the market and a reputation for cheap but high quality meals, have provided vigorous competition. Analysts have also criticised the company for not being aggressive enough in pursuing its new policies, for hoarding cash and reacting too slowly.

The results can be seen in the company's earnings, which, while not declining overall, provide more evidence of the problems of curbing costs in an inflationary period than they do of the four years of economic growth and—until this year, at least—the boom in pleasure travel. They raise the question of whether the strategy of moving up market is working; indeed whether it is even the right strategy. But it could be the only one, since the fast food market at the lower end is so well developed.

Last year the company's restaurants division again accounted for almost 80 per cent of sales revenues of $555m, but for only 46 per cent of operating income which, for the company as a whole, came to almost $63m. The restaurants division's share of profits has been declining sharply since 1975 (when it was 69 per cent) even though its percentage share of sales revenues has remained fairly stable.

SIR JOHN PILE . . . Imperial Group's chairman: looking to the longer term future

Howard Johnson's has become increasingly dependent on its motel business for its profits. Last year, its accommodations business accounted for 16 per cent of sales revenues but 43 per cent of pre-tax profit. In 1975, the figures were 13 per cent of sales revenues and 22.5 per cent of profit.

Its continued vulnerability to the vagaries of oil supplies, in spite of its efforts since 1974, has been illustrated this year by the sharp slowdown in second quarter earnings following a buoyant first quarter and expectations that earnings for the year could be down.

With the economy weakening and consumer incomes squeezed by inflation, the pleasure travel market to which the company's motels cater is expected to sag and its restaurant business seems unlikely to take up the slack.

Long-term question

Imperial group, therefore, can expect to see the company tightening through a trough which will make the price of 15 times earnings and over twice book value look even more generous than is already the case. In 1977, Pepsico bought the Pizza Hut restaurant chain for 12 times earnings.

The longer-term question is whether Imperial and Howard Johnson's management will be able to capitalise on the company's household name and push ahead with business strategies to cope with the changing shape of the markets Howard Johnson's is serving. This could involve new initiatives in the restaurant business to give it a clearer market image and to improve cost efficiency. Perhaps the strongest force pulling in Howard Johnson's favour is the fact that in spite of rising prices for petrol and intermittent supply problems the American way of life is so firmly patterned around automobile travel — and barring physical shortages seems likely to remain so.

MEN AND MATTERS

War in the air over ATUC

The rumpus over the Air Transport Users' Committee has taken a further — perhaps significant — turn with the resignation yesterday of nearly a third of its members. The first sign of trouble came a fortnight ago after a lively disagreement between Nigel Foulkes, chairman of the Civil Aviation Authority (which funds ATUC) and the man he had designated chairman of ATUC from the end of this month, Professor Alan Day of the London School of Economics.

A few days after this dispute, Day received a circular letter telling him he no longer belonged to the committee. Now he has decided, as he puts it, "to slog it out." He and five other committee members yesterday tendered their resignations, and are putting their heads together about how to fund a rival committee — or as Day would have it, a committee to do the job properly.

He would at least appear to have the support of the National Consumer Council and others who regard ATUC as a toothless watchdog, its leash firmly gripped in the hand of the CAA. The letters of resignation—A. Day predicts more will follow—all express lack of confidence in the independence of the committee.

Any future committees, says Day, could be run on a shoestring with an active chairman and a committee of 10 or 12, instead of the present 20. But the ideal would include a professional secretariat to do research—"if necessary without the co-operation of the CAA"—and representation work. Day refers to a "monstrously excessive" salary bill for ATUC's staff—"That's largely how I got myself into trouble, suggesting they do some of this work."

While Day ponders plans for a more aggressive watchdog, the CAA is taking the affair in its stride. Three of those who had resigned were due to go anyway, a spokesman told me: "We have already taken steps to replace them." The new chairman is to be a former mayor of Cambridge, Mrs. Jean Barker.

As for the Day-Foulkes debacle, a lengthy and carefullyworded statement issued by the CAA yesterday puts this down to a clash of personalities within ATUC rather than any dispute about its approach. Foulkes insists he encouraged ATUC to criticise the CAA if necessary. But the personality problems reached a point, he says, "at which I was called in to sort things out."

"Look here Teddy, I've asked my wife and my mother and they don't want you to run."

Double vision

Brazil's gregarious president of the republic, Signor Joao Figueiredo, is much given to spontaneous walkabouts, attending concerts and football matches as if he were a man like any other.

So when a balding, bespectacled, middle-aged man, looking distinctly like the president, appeared in the foyer of the National Theatre in Rio last week, the autograph hunters milled round. He obliged with a smile and a flourish of "Joao Figueiredo's." After the performance, the honoured guest visited the dressing rooms in order to congratulate the performers personally.

The real Figueiredo was able to admire himself, flanked by his citizens, in Press photographs the next day. The palace wryly announced it was hoping to locate the imposter. "Not out of a spirit of rancour," said a spokesman, "just to avoid future occurrences."

Manx muffled

Manx Radio may have its critics among the islanders, but differences are now being set aside to challenge a rejection by the Home Office of its plans for transmitting commercial programmes to the British mainland.

Manx Radio was given what it claims was an "exclusive" 219 metres wavelength last year, and allowed to transmit with extra power when it was broadcasting major events. Now the station has been told it must share its portion of the ether with three local radio stations; permission to use increased power is also being withdrawn.

The Manx Broadcasting Commission chairman, Dr. Edgar Mann, says that the issue has been raised with the Home Office. As there has been no reply, a meeting of the "standing committee on common issues" is being sought.

Mann says the disagreement with Britain arose because the Home Office has represented the Manx Government at international conferences on broadcasting, with no Manx observers present.

According to Stewart Watters, secretary of Manx's Radio's management committee: "Our aim is to make the operation of the station economically viable. We do not want to have to go to Tynwald—the island government—for funds to make up losses. To achieve that we need a larger catchment area—it means being able to use all the available power of our transmitter."

That seems to be exactly what Whitehall is worried about. "The station has been assigned a wavelength at a set power for covering the island. That is all," says a Home Office spokesman. "If they exceed that power they will be interfering with other stations."

Sharing a name

Talbot-Waggonfabrik of Aachen, one of the two West German companies which protested when Chrysler became Talbot without their permission, announced yesterday that it had reached an "amicable agreement with Chrysler, France."

The agreement was unexpected. Only last week Kurt Capellmann, the head of Talbot of Aachen, threatened legal action to protect the name of his company. He claimed that the firm which produces railway carriages, had been registered under the name of "Talbot"—in every conceivable spelling—since 1905. The other company involved is Talbot U. Company of Berlin which produces car accessories. The owner, Yorck Talbot, is vaguely related to the Aachen Talbots, and the two company bosses decided to coordinate their negotiations with Chrysler.

Until last week their joint standpoint had been that the only concession they were prepared to make would be perhaps to suffer Chrysler's use of "Talbot" as a second name for their vehicles. Whatever deal was reached, however, the Berlin Talbots can offer no further enlightenment—yesterday they had not been informed of the sudden accord between Paris and Aachen.

Non-service service

Placards on British Rail's Eastern Region stations are carrying this ambiguous message: "For details of anticipated evening train cancellations, ring 01-246 8080 after 1500. Service starts Monday, August 13."

Observer

FINANCIAL TIMES SURVEY

Tuesday September 11 1979

REINSURANCE

The alarm felt by delegates at last year's world reinsurance conference about the weakness of the market has grown no less in the past twelve months. The problems of rate cutting, dilution of professional expertise and the unchecked flow of new entrants continue to cloud the industry's prospects.

Wary eye on excess capacity

By John Moore

THE 2,000 or so representatives from the world's reinsurance community meeting for their annual conference at Monte Carlo will have plenty to think about.

Last year they left Monte Carlo with the cautionary words of Mr. Gunnar Benktander, a senior actuary and executive of the Swiss Re of Zurich, ringing in their ears on the pricing policies, profitability and financial stability of insurance and reinsurance companies. Since then other reinsurance specialists have taken up the theme, and a progressive reassessment of modern reinsurance practice has been taking place.

Mr. Benktander bad warned that several reinsurance risk carriers which are active today, and at least on the surface seem to be solvent, will disappear within the next ten years. He pointed out the presence of amateurish competition in world reinsurance markets, and the extensive rate cutting conducted by what he called the "cowboy" operators.

He defined the cowboy reinsurer as one who bad taken a conscious decision to undercut reinsurance premium rates in order to enter the reinsurance market and establish a position within that community. In doing this, this type of operator had been unwilling to explore wbat his action might cost through inadequately estimating the risks that he was insuring. His first priority was to enter the market and establish a position.

The warnings from other quarters about declining underwriting standards and pricing have become more strident in the last year. But the doomsday debate is not misplaced in the reinsurance world.

Reinsurance can often prove to be the bedrock of many insurance groups. Reinsurance can assume all or part of a risk undertaken originally by another insurer. This provides them with capacity which enables them to underwrite a larger amount of business than they could bave otherwise have written.

It protects insurers against the accumulation of losses arising from a big individual loss or out of catastrophes, either from a series of small claims from a fire or burricane. The use of reinsurances spreads the financial burden on reserves attending the growth of premium income; and it generally reduces an insurer's net liability to amounts considered appropriate to the insurer's financial resources.

The background to the present competitive conditions in the world's reinsurance markets and the general rating weakness can he traced to a variety of factors.

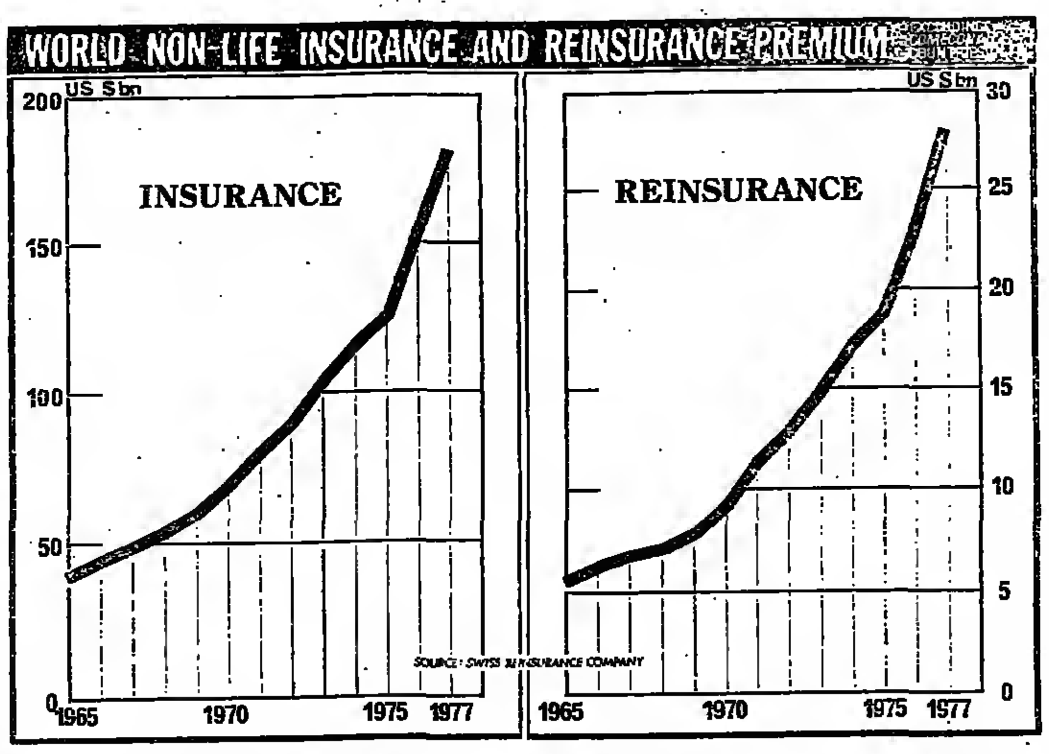
There has not been a major international catastrophe insured loss since Hurricane Betsy in 1965. And although certain large losses have hit the market since then from storm damage from Cat 74, Tracy and the European storms in 1976 these have done little to correct the downward slide in rates and the recent Hurricane "David" has yet to make any impact on the market.

Slide

The absence of a buge series of claims has encouraged domestic insurers to look outside their own markets, which were becoming competitive, to enter new ones, develop new business lines, and organise new capabilities such as reinsurance operations.

The reinsurance industry received a boost in 1974 and 1975. Inflation and the over-investment of U.S. insurers in equities, the values of which eollapsed with the onset of recession, hit the reserves of the insurance groups. Moreover the U.S. market was swamped with recession-inspired losses sucb as arson, whicb rose to a mucb greater frequency than anyone had anticipated.

Surplus lines business, or that business which is bard to place, found its way out of the U.S. market, which was facing buge liabilities on contracting reserves, into Lloyd's and other reinsurers. During that period many overseas reinsurers managed to establishr a significant presence in the U.S. as the demand for reinsurance outstripped supply.



In splte of tbe now acute competitioo many of the reinsurance groups have been supported by the high level of interest rates obtainable in money markets.

A recent survey of professional reinsurers in the U.S. said that over an eighteen-year period since 1960 the aggregate combined ratio (i.e., the ratio of losses and loss expenses incurred to premiums earned, plus the ratio of expenses incurred to premiums earned, plus the ratio of expenses incurred to premiums written) had only sbown a figure of under 100 per cent in seven of those years. It concluded that for most of the past two decades the reinsurers bad been living off investment income.

Such is the growth of the reinsurance market over the last few years there are fears among the more experienced concerns that there is a large amount of "innocent" capacity.

In the fourteen years since Hurricane Betsy new brokers and underwriters have emerged on the scene. A high proportion of reinsurance executives have never experienced the effects of a really major international loss, particularly on their own account. And the new capital which is coming on to the market is underwritten by these relatively inexperienced underwriters who are receiving the business from similarly inexperienced brokers.

At the same time new markets are emerging or have become established at the fringe. Most notable are the New York Insurance Exchange; captive insurance companies; and Government and United Nations-inspired regional reinsurance markets.

The current scene then is dominated by a world-wide weakness in premium rates; an increasing number of new entrants to the market; the ability of brokers and the ceding companies to take maximum advantage of present market capacity; a shortage of professional reinsurers with a wide expertise and experience of the problems of funding for large losses; and high interest rates which stimulate a tendency to underwrite merely for cash flow purposes.

This latter trend has caused much criticism. There are fears that some underwriters would deliberately write a large volume of long-tail insurance, such as long-term liability business, in order to hold the reserves longer and in theory make a greater investment profit. They run the risk of inflation or other economic factors confounding their reserve position and leaving their companies dangerously exposed.

Another problem for the so-called innocent capacity to deal with is currency. Currency clauses in reinsurance treaties need careful wording if tears are to be avoided at the end of the day and often the administrative systems of some of this capacity are not sophisticated enough to cope. While the wordings of treaties might prove difficult enough for this section of the market to handle, identifying where risks are insured in the overall market is becoming well-nigh impossible.

Many risks are co-insured, reinsured, occasionally the subject of reciprocal exchanges, retroceded, re-retroceded and at each stage may well be the subject of catastrophe protection. The basis of each transaction may differ; the exposure may cross and re-cross national frontiers and the sums involved be converted and re-converted into different currencies involving in many cases problems of exchange control; and the terms on which the business is transacted may be translated and re-translated from one language to another and at each stage possibly losing some important qualification which affects the operation of the cover.

Disputes

According to Mr. Harley Patrick, chairman of the UK's Reinsurance Offices Association, this is a situation which is getting worse as risks and covers become more complex and as the number of reinsurance practitioners becomes geographically more widely dispersed 'and technical expertise more thinly spread." Much publicity has been given to the apparent increase in the number of disputes in the reinsurance field.

"Many such disputes are a direct consequence of a breakdown in proper communication rather than of deliberate misrepresentation, but the consequences can be disastrous," said Mr. Patrick. Like many specialists in the industry he is urging that standards should be improved, but with competition so intense any improvement looks some way off.

Heated arguments over the broker's role

REINSURANCE BROKERS have been heavily criticised in the past year. They have been described as the parasites of the business who prey on the pure relationship that exists between a reinsurer and his client. They are said to contribute nothing to the relationship and only add complication and cost.

The criticism is usually made by executives of reinsurance companies and reflects their frustration at the way brokers influence premium rates, which are already uncomfortably low. At the same time the brokers have flourished in a competitive climate while reinsurance companies' performances have looked comparatively pedestrian.

Essentially, reinsurers are arguing that a broker's intervention has the effect of reducing a reinsurer's profit by forcing down premium rates. In turn the reinsurer's margins come under strain, particularly when he has to pay brokerage.

The reinsurers do accept that the insurer who is passing on his business to the reinsurers also exerts an influence on rates, particularly when there is ample capacity in the market. But it is the broker who is mainly attacked.

The broker replies that his intervention does encourage price competition among reinsurers but that that is his brief—to seek a favourable price for his client. But it is ultimately the reinsurance markets of the world that set the price. If the market is prepared to write business at uneconomic rates then the broker is only reacting to normal market forces.

In any event they claim that the really substantial rate-cutting has come from direct reinsurers anxious to establish themselves in a particular market without the intervention of a broker and who are for policy reasons prepared to accept short-term losses in order to seize a controlling hold on a market, using currency factors to widen the margin.

It has been estimated that a successful reinsurance broker is making a profit that represents less than a third of his brokerage income. In relation to premium turnover this could be between 1 and 1.5 per cent. This represents the brokerage that is paid to him by his markets and the income he is able to make on his investments.

Since much of his business comes from overseas markets, a UK broker would have to pay half or even more of his brokerage to a foreign intermediary.

Placed

At a recent conference Mr. Michael Butt, deputy chairman of Bland Payne (International), explained that U.S. catastrophe business is placed traditionally in London at 15 per cent brokerage. However, the UK broker only keeps 5 per cent of this and then usually only on a part order.

Another cause of friction between reinsurance brokers and underwriters in London arises from the movement and handling of cash settlements between the reinsurer and his client. The broker is accused of retaining funds remitted to him by the insurer for an undue length of time before passing them to the reinsurer so as to gain for himself the interest on the funds.

"So attractive have yields been on short-term cash," says Mr. Julius Neave of Mercantile and General Reinsurance Company, "that the temptation of prolonging the delay in remitting has all too often proved irresistible and reinsurance underwriters have remained waiting for the balances due to them for an unreasonable length of time."

The response of the reinsurance brokers to this accusation is a trifle sheepish. They admit that they obtain advantage from the investment of premiums that pass through their books. But they claim that the extent of that advantage is a reflection of their inefficiency—the more efficient they are, the less return from investment; the less efficient the greater the investment return.

If the broker is efficient he turns his money round quickly and his investment income should either fall or show little growth. If he retains the cash for a longer time then his income rises.

The defence which they cite most often is that a good reinsurance broker will often fund very substantial sums to his clients in anticipation of a subsequent recovery from reinsurers. It is a service which is not specifically remunerated and the cost is covered out of brokerage and investment income.

Moreover, handling money on behalf of clients and reinsurers can be expensive for the broker. This is a significant factor for many UK brokers who now, after a recent change in their systems, handle 12 separate currency accounts. Historically they had only worked with three.

In finally attempting to refute the argument that brokers reduce reinsurer's profits, the brokers claim that it is in their own interest to maintain a profitable reinsurance market. If reinsurers' profits do reach an uneconomic level then security and service suffer. Capital bases cease to expand, costs are cut, claims are not paid with the necessary facility and the reinsureds begin to be affected.

This could reflect adversely on the public image and against the goodwill of the broker. But it depends eventually on the talent and flair of the individual underwriter as to what profit the reinsurer is to make at the end of the day.

Rife

In a market where overcapacity is rife, some reinsurance underwriters depending on brokers to produce business may find they have little room for argument. Over-capacity has eroded their power of their sanction to turn the business away. In this situation many underwriters have allowed their own underwriting standards to slip.

Standards have slipped among the broking community as well. In their effort to stimulate more business in increasingly competitive markets reinsurance brokers have entered into a number of agreements with a number of sub-brokers and producers of insurance business.

In London this has been typified by the use of binding authorities, devices which have allowed insurance and reinsurance companies capital to be used in areas not otherwise possible. Binding authorities are an overseas arm and service local insurance interests.

A recent definition of a binding authority is that it is an "underwriter's authority for a third party to grant cover on underwriter's behalf and issue documentary proof of same."

In plain man's English it is the delegation of an underwriter's pen to a nominated party. Binding authorities are often negotiated by established brokers who take a percentage of the arising business.

Ideally, binding authorities should go to those insurance specialists who have an underwriting expertise. But often they have fallen into the hands of those who are more adept at broking.

Often the business operations of the person holding the binding authority are so small that he cannot provide an adequate underwriting department.

The results can be disastrous. If the person accepting the insurance business on behalf of underwriters is a broker rather than an underwriter he need have little regard for the risk that he is accepting and the eventual reinsurer can face enormous problems from a large series of claims on bad business.

But the broker's desire to drum up an increasing amount of business must involve a growing number of agents and sub-agents, which in turn makes the contractural involvement of the reinsurers so much more complex than, they argue, it perhaps need be.

John Moore

Protection for high risk life cover

THE POPULAR image of life assurance is that of an array of companies offering a plethora of savings plans, boosted by the tax credit available on regular savings contracts. But to qualify for that tax credit the policies have to provide a high level of guaranteed cover payable on death. A life company faces a considerable financial strain on the early death of the investor.

Again, despite the popular image, life companies still transact a considerable volume of pure life protection business, providing very high death cover at low premiums. In all, life companies in the UK last year paid out £442m in death claims on the ordinary branch policies.

The life company actuary allows for the incidence of deaths in calculating his premium rates. The very close mooitoring of mortality rates by the actuarial profession means that the actuary has a good idea of the death claims he can expect in any one year. But the basic principle of insurance is the spreading of risks as far as possible, and this applies to life assurance. By keeping within certain limits for the death risk on any one case and reassuring the rest enables the life company to avoid violent fluctuations in death claims over the years.

Thus in general a life company decides bow much of the life cover it will retain on each life on offer—say up to the first £100,000—and reassures the rest almost invariably on the risk premium method—the guaranteed death cover less the reserve.

In general, the reassurance company will underwrite the case on the medical evidence supplied hy the particular life company. Where a contract for a large death risk is involved, the underwriter with the life company often liaises at the outset with the reassurance comnany regarding the medical evidence needed. Then the individual conceroed can uodergo the necessary medical examinations early in the proceedings and not have to undergo further examinations at a later stage because the reassurer wants more evidence.

Indeed, the reassurance companies have bad considerable influence on the underwriting practices of life companies, especially where sub-standard lives are involved. This is the technical term used for individuals whose health is not first-class and thus either have to pay an extra premium for their life cover or else cannot get cover at all if their ailment is sufficiently serious.

The reassurance companies in their operations are now able to offer terms to these individuals with seriously impaired health that the individual life companies are still not necessarily prepared to accept. The reassurance companies, by offering to underwrite these cases, have enough lives on their books to be able to strike the rates needed to average out the experience.

Pool

The Mercantile and General Reinsurance Company (M and G), a member of the Prudential Corporation, was a pioneer in this field. It started its operations a few decades ago by running a diabetic pool. At that time life companies were wary of accepting diabetics and charged heavy extra premiums. M and G, by pooling results from several life companies, was able to offer better terms which the life company could pass on to the individual.

Since then, the company bas successfully operated a blood pressure pool and a pool for coronary artery diseases. As a result, individuals suffering from these ailments who previously would have heen rejected by life companies could be offered terms and get life cover which for them was very necessary.

Other reassurers have followed tha lead given hy M and G and successfully underwrite sub-standard business offering terms that still enable them to run at a profit. It has now become accepted that if there are enough lives in the pool so that the experience can be averaged out, then almost anyone can be offered terms for life cover unless he is on his deathbed. The life companies themselves have followed the lead of the reassurers and progressively relaxed their underwriting requirements.

The reassurance companies have also been active in assessing the extra premiums needed to cover certain occupational risks, North Sea divers being a good example. A life company may receive applications for life assurance on only a few lives engaged in a particular occupation, insufficient to form a judgement on the extra risk involved. The reassurer with a largar pool of such risks can more readily advise on the extra premiums needed.

Although the number of reassurers operating in the UK is still small, only eight at present, there is now sufficient for the life companies to be able to shop round for tha best terms for their re-assurance. This has caused a certain amount of reaction by certain re-assurers.

In this case the life company is the consumer, and like all consumers it is its right to test the market and get the cheapest premium available. Some life companies shop round for every case that needs reassurance.

On the other hand the reassurer finds that it is preparing quotations, a time-consuming and expensive business, but only getting acceptances for a minority of its quotations. This is inflating expenses which have to he recouped in the premiums from the business it does receive. Too much shopping around, it is felt, is resulting in premiums being unnecessarily high.

At the end of the day the rights of the consumer to shop around have to be paid for by the consumer. Tha more the consumer insists on exercising his rights every time, the more he will eventually have to pay. This applies as much to life companies as it does to the individual shopping in the High Street. The solution is moderation in the use of shopping and the reassurers hope that this is what the life companies will practise.

Eric Short

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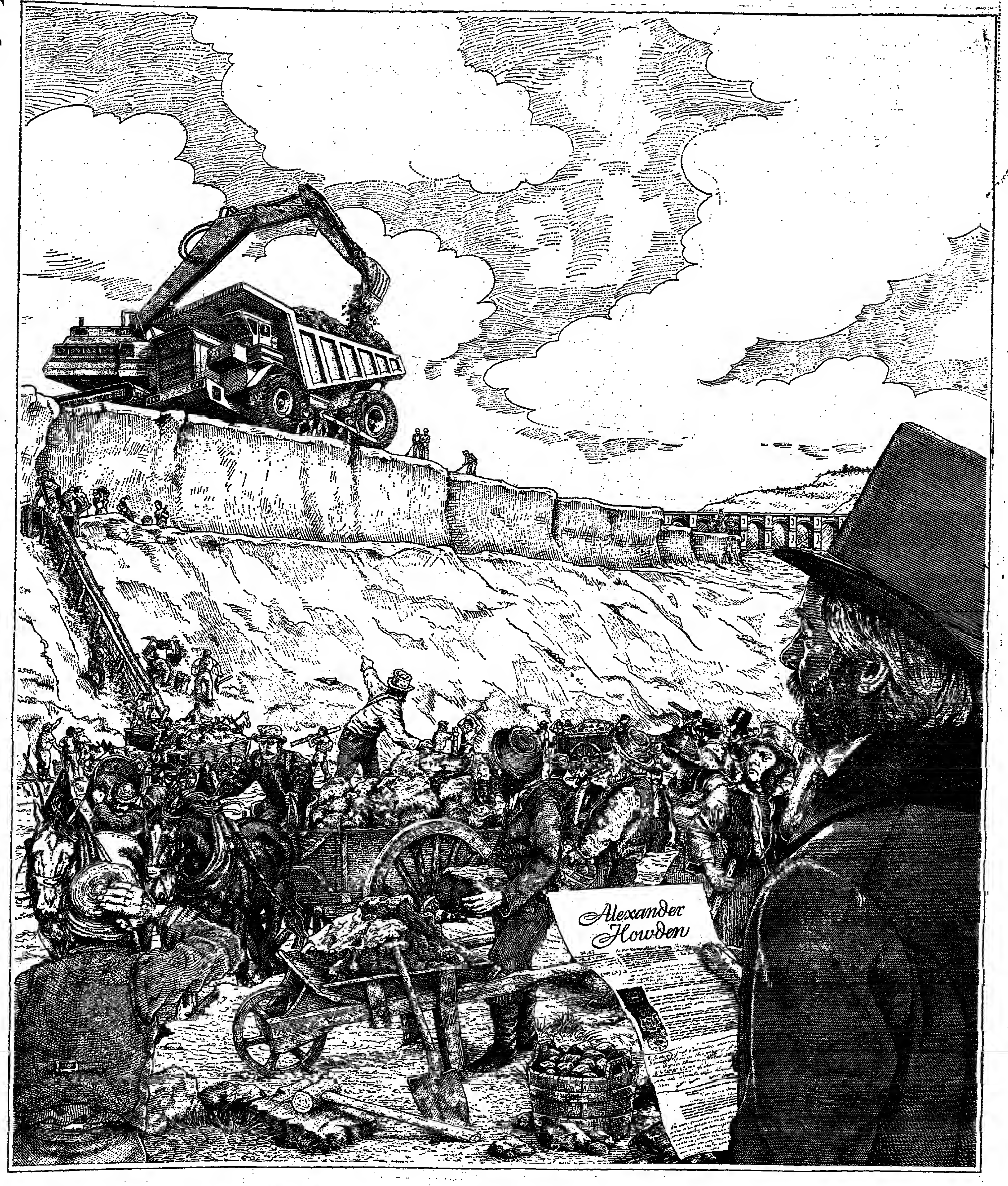


The American market

PROFESSIONAL REINSURANCE COMPANIES—U.S.

(Summary of Underwriting Results)

	NET PREMIUMS WRITTEN—($000)					Percentage of increase or decrease		COMBINED RATIOS						
	1973	1974	1975	1976	1977	1976-77	1973-77	1973	1974	1975	1976	1977	5-year average 1973-77	Profit %
American Centennial	—	8,256	16,002	33,166	41,025	23.7	—	—	61.6	63.3	60.0	68.4	—	—
American Mutual Re	15,674	14,305	10,096	13,523	15,605	15.4	− 0.4	130.1	216.0	184.1	127.1	128.2	153.7	− 53.7
American Re	199,074	229,500	263,727	313,725	338,150	7.8	69.9	99.7	119.9	113.6	103.8	99.8	107.0	− 7.0
American Union	18,416	19,885	21,125	26,334	31,553	19.8	71.3	97.7	103.6	104.9	98.2	97.4	100.3	− 0.3
Bellefonte Insce.	34,777	53,066	76,209	111,990	163,193	45.7	369.3	87.9	100.8	113.2	111.4	106.8	107.1	− 7.1
Buffalo Re	15,997	15,645	27,344	29,962	31,195	4.1	95.0	115.9	105.2	106.8	110.8	101.3	107.6	− 7.6
Christiania General	6,453	7,085	8,624	10,585	14,399	36.0	123.1	92.6	109.2	105.6	96.9	98.6	100.3	− 0.3
Constellation Re	—	—	—	—	32,009	—	—	—	—	—	—	107.6	—	—
Constitution	27,606	31,458	42,503	55,021	71,746	30.4	159.9	98.6	99.9	105.9	98.7	98.5	100.2	− 0.2
Dominion Insce.	3,894	4,617	7,301	11,107	13,824	24.5	255.0	140.6	162.9	124.5	121.9	123.2	129.0	− 29.0
Employers Re	177,644	165,412	198,316	248,307	312,986	26.0	76.2	99.0	195.3	108.9	101.9	100.8	103.0	− 3.0
Federated Re	—	—	12,588	16,032	20,490	27.8	—	—	—	104.5	92.2	98.6	—	—
First International Re	8,007	8,243	6,358	5,617	4,868	− 13.3	− 39.2	99.0	121.8	119.9	99.7	99.5	111.1	− 11.1
General Re	297,126	331,771	428,784	522,238	565,669	8.3	90.4	99.8	105.9	106.5	99.6	97.3	101.4	− 1.4
General Security	6,381	6,058	7,163	9,874	13,089	32.6	105.1	95.4	104.0	104.5	101.0	98.2	100.4	− 0.4
General of Trieste	5,275	6,442	10,460	8,797	8,467	− 3.8	60.5	99.7	115.0	106.9	107.3	99.8	105.6	− 5.6
Gerling Global	10,365	11,026	10,402	21,702	30,053	38.5	189.9	98.8	110.3	109.3	98.8	99.6	102.0	− 2.0
INA Re	162,590	199,325	205,277	249,718	239,367	− 4.1	47.2	102.1	104.4	106.3	101.7	104.0	103.8	− 3.8
Kemper Re	45,099	53,343	63,858	78,723	97,046	23.3	115.2	97.0	99.0	105.3	99.9	99.8	100.4	− 0.4
Mercantile & General Re	77	897	3,005	4,535	9,505	109.6	—	337.4	134.1	106.6	91.3	90.9	97.5	2.5
Mony Re	—	—	2,304	35,372	47,974	35.6	—	—	—	100.1	95.5	95.7	—	—
Munich Re/Munich Am. Re	26,562	31,713	46,481	83,484	141,302	69.3	432.0	97.8	107.8	104.0	103.5	95.3	99.7	0.3
National Re	58,141	65,604	81,115	104,266	150,382	44.2	158.7	96.4	109.4	103.9	98.6	97.3	100.4	− 0.4
New England Re	8,964	17,366	15,671	20,155	32,673	62.1	264.5	93.7	109.6	100.5	92.1	101.3	99.7	0.3
North Amer./Swiss Re	142,388	173,544	210,492	267,962	291,295	8.7	104.6	100.9	118.8	126.1	105.9	99.5	109.4	− 9.4
North Star	7,900	9,978	13,508	26,350	42,331	60.6	435.8	95.2	97.3	90.9	92.7	98.0	94.8	5.2
Northeastern	26,434	31,422	35,179	43,285	50,690	17.1	91.8	91.8	106.5	104.2	96.2	94.6	98.5	1.5
Ohio Re	4,540	5,471	7,293	6,452	6,859	6.3	51.1	93.0	108.0	110.4	98.7	97.3	102.1	− 2.1
Philadelphia Re	8,089	11,466	12,167	16,332	27,026	65.5	234.1	96.5	101.7	106.5	103.2	97.5	100.8	− 0.8
Presidio Insce.	—	—	9,947	10,332	12,032	16.5	—	—	—	116.6	95.9	105.2	—	—
Prudential Re	51,504	71,933	117,379	178,731	230,905	29.2	348.3	97.0	102.9	104.6	98.7	99.5	100.4	− 0.4
Reinsurance Corpn.	34,983	37,282	44,530	51,344	56,929	10.9	62.7	98.2	117.3	114.7	104.7	104.7	107.8	− 7.8
Republic-Vanguard Re	—	—	70,056	36,952	86,983	119.2	—	—	—	104.3	86.4	97.3	—	—
Rochdale	4,194	6,239	9,092	10,131	11,919	17.6	184.2	99.8	114.9	106.7	103.5	98.0	103.7	− 3.7
Scor Re	—	1,197	6,486	1,444	11,925	725.8	—	—	114.0	111.5	90.7	90.0	90.9	9.1
Signet Re	—	—	3,133	9,190	9,548	3.9	—	—	—	76.1	97.5	97.0	—	—
Skandia Group	35,525	52,205	68,521	104,416	130,751	25.2	268.1	93.8	99.3	99.7	98.7	98.6	98.6	1.4
Switzerland General	6,456	7,087	8,626	10,586	11,985	13.2	85.6	94.1	110.5	105.9	97.3	97.6	100.6	− 0.6
Unity Fire	8,255	8,491	10,423	14,646	19,122	30.6	131.6	98.7	104.4	105.0	97.2	100.4	100.8	− 0.8
Universal Re	11,873	12,705	15,947	23,025	29,316	27.3	146.9	98.8	104.1	100.0	98.3	97.3	99.1	0.9
Other reinsurers	136,613	138,535	113,570	78,376	180,638	130.5	32.2	—	—	—	—	—	—	—
TOTAL	1,606,876	1,848,462	2,321,053	2,903,787	3,630,824	25.0	126.0	99.5	109.6	109.9	101.2	99.7	103.3	− 3.3

Source: The National R insurance Corporation.

THE U.S. reinsurance business, which suffers from the same ups and downs as primary insurance only more so, is facing tough times, partly because the market is heading for one of its cyclical lows, partly because of the over-rapid expansion of capacity in the past few years. The prosperous years of the mid-1970's attracted a lot of new entrants who saw reinsurance as an area where they could expand at low cost. Their fortunes were mixed. Some bid aggressively for new bnsiness and did very well, others lacked the expertise and fell by the wayside. But the net effect was to create excess capacity and force down rates. Few of the major companies have been steadily profitable over the last five years, though preminms written have grown quite fast. Just how long the present difficulties will last is hard to predict, one to two years being the general forecast. Another catastrophe like Betsy wonld hasten the recovery. The industry is about to launch a couple of novel ventures, the New York Insurance Exchange and the Risk Exchange, Rex, which could change the way the business operates, at least in facultative reinsurance. But both are long-term projects, whose true potential may not emerge for several years.

New York Insurance Exchange

AFTER BEING mulled over for years, and planned in detail for 18 months, New York's much-pnblicised Insurance Exchange will shortly be throwing its doors open for business. However, precise dates are still not available because of delays in securing premises for the Exchange in the Wall Street area. A number of other points like taxation also have to be cleared up, though these need not necessarily delay the start-up.

The Exchange will be closely styled on Lloyd's of London, with syndicates of underwriters operating on a trading floor. Unlike Lloyd's, however, it will be restricted to reinsurance, to foreign risks and to unusual risks which cannot be placed elsewhere. Its members will also be corporate as well as individual, and their liability will be limited to the capital they put up as a condition of membership.

Initially, reinsurance is expected to account for by far the bulk of the Exchange's business, and most of the members who have so far signed up have direct connections in this area, or see the Exchange as a way of developing their reinsurance interests.

At the end of August last, the Exchange had 13 underwriting members. This was somewhat less than the 20 or so its planners bad boped for to give the venture a strong start. There were also some conspicuous absentees among the large insurance companies, including concerns like Prudential which have important reinsurance operations. However, more members are expected to sign up before the launch date.

By comparison, the broking community put up 35 members, including all the top names. A number of brokers also took advantage of the Exchange's rule allowing them to be underwriting members too, notably Frank B. Hall, and Johnson and Higgins (who went in with their British partners Willis Faber). The underwriting community was a little apprehensive abont this blurring of the distinction between the two sides of the insurance business, and moved successfully to limit the brokers' say in the running of the Exchange.

A number of foreign concerns have joined. The most prominent is Allianz of West Germany which put together an underwriting syndicate of its own. Other foreign entrants include British, Norwegians, Finns, Japanese and Germans.

There has been very little interest from individual members, mainly because their tax status is still unclear. The Internal Revenue has been asked to determine whether they would be treated as corporations or partnerships, and whether they would be entitled to some of the accounting advantages that insurance companies enjoy.

Although an unfavourable ruling would not be disastrous, it would probably put paid to any growth of individual investment in the insurance business, thus defeating one of the aims of the exchange. But its sponsors are confident that there will be a sharp growth in corporate membership once the project gets underway. It is certainly true that many companies are watching closely from the sidelines, and are ready to apply for membership at a moment's notice.

As it is, an underwriting membership of 20 would produce initial capital of aboot \$75m, enough to enable premiums to be written up to a total of some \$200m. This is still tiny in terms of the total U.S. market, but as its sponsors frequeatly quip: "It took Lloyd's 300 years to get where it is. We hope to be able to go forward a little faster."

David Lascelles

NEW YORK INSURANCE EXCHANGE

UNDERWRITING MEMBERS

AIG Multi-Line Syndicate
Allianz Syndicate
Aneco Syndicate
Chubb Syndicate
Crum and Forster Syndicate
The First New York Syndicate Corporation
Frank B. Hall (NYIE)
J and H, WF Syndicate A
The Maiden Lane Syndicate
North Star Syndicate
Pan Atlantic and Others
The Realex Group NV
The 1792 Company

BROKER MEMBERS

AAMET
Arthur J. Gallagher and Co., of New York
Block, Earl and Co.
Delaney Offices
E. W. Blanch Co.
Eagle Brokerage Corporation
F. J. Wilkes and Company
Frank B. Hall & Co. (Overseas)
Fred S. James and Co. of New York
Guy Carpenter and Company
Hamond and Regine
Herbert L. Jamison and Co.
Hirsch Wolf and Co.
Hudig-Langeveldt North America BV
J. L. Kelley
John C. Weghorn Agency
John P. Woods Co.
Johnson and Higgins New York
Learoyd and Roe
Marsh and McLennan
NBA Excess and Surplus Lines
Parkington Associates
PCM Intermediaries
RFC Intermediaries
Reed Shaw Stenhouse of New York
Rhulen Agency
Robert A. Lake
Sargent, Wobber and Co.
Stewart Smith East
Swett and Crawford
Tanenbaum-Harber Co.
Thos. E. Leeds Company
Towers, Perrin, Forster and Crosby
Weissman and Weissman
Willcox, Baringer Intermediaries

Troubled scene at Lloyd's

ABOUT HALF of Lloyd's of London's total annual premium of £2bn is represented by reinsurance business. Set that figure against world non-life reinsurance premiums of $28bn and its share of the market looks impressive.

With Swiss Re and Munich Re, Lloyd's forms part of the most powerful triumvirate in the reinsurance community.

Its development of the reinsurance market owes much to the pioneering efforts of Mr. Cuthbert Heath towards the end of the last century. He introduced excess of loss reinsurance, *whereby the ceding company* retained for its own account any fire loss up to a given figure, and reinsured any excess up to a given amount.

Since then Lloyd's market has expanded considerably. Like others in the reinsurance world Lloyd's is feeling the effects of over-capacity. After Hurricane Betsy of the mid-1960s produced large losses for Lloyd's underwriters the market rethought how it could build up its membership again, after the losses had pegged applications.

A steady increase in Lloyd's membership is important because the market's operations are based on private wealth and the principle of unlimited personal liability.

The campaign to bring in more members was all too successful. There are now 17,239, compared with just over 6,000 in 1968. Even by 1976 the membership was only 8,565, so capacity has increased by nearly 50 per cent since then at a time when the underwriting cycle has been weak.

The market has been under pressure to provide business for these members which is likely to prove profitable. In the marine market syndicates are perhaps writing about 60 per cent of their permitted income stipulated by Lloyd's rules.

The experience is common. But inevitably Lloyd's underwriters have been under the same pressure as their company counterparts. In a totally broker-orientated market Lloyd's underwriters, as sellers of insurance, have had to bargain with the brokers from a position of weakness.

Commission

Consequently they have sometimes assumed risks at uncommercial rates from the non-risk bearing brokers who make a handsome commission on the transaction.

The quality of the business that has been passed through to Lloyd's in these circumstances leaves much to be desired and it is significant that many of its publicised troubles have their roots in a period of weak underwriting.

Since Lloyd's relies on brokers for its business, the brokers *in turn* have had to seek other markets from which to produce business and at the same time stimulate growth in their own operations. This in itself has led to problems. In order to encourage the growth of his business the broker has often arranged facilities for agents who develop business for the broker, who passes it on to Lloyd's underwriters.

One method which has received much attention in recent months is the binding authority. This arrangement allows a nominated agent to accept business on behalf of the *syndicate up to certain limits.* That business is passed through the Lloyd's broker to the underwriter. At one time up to 30 per cent of Lloyd's business was estimated to come to Lloyd's through this route at one time.

But the practice has fallen into disrepute because there has basically been a confusion of function by the holder of the binding authority. A duality of interest can be built up whereby *the binding authority holder is* effectively a broker rather than an established underwriter. Moreover, the professional calibre of such an agent is sometimes questionable.

This problem is being carefully studied by Lloyd's at the moment but the implications for the market are quite serious. If the Lloyd's market's methods of operations are to become more formalised then it may be at the expense of business. The London market and Lloyd's in particular has built up its reputation through the knowledge that it is flexible and lacking in onerous regulations.

If that were to change Lloyd's might lose a sizeable chunk of premium, although it would gain from losing a fair amount of uncommercial or dubious business.

Another area of concern at Lloyd's has been the growth of large syndicates and their growing dominance of single classes of business through an almost monopolistic market share. Lloyd's is considering certain proposals which would prevent this happening again within the market.

It has acted because both from the point of view of security and the *maintenance* of a marketplace in its proper sense it would bring the market concept into disrepute if any one syndicate became so large that it monopolised any one class of business.

Troubles

But in the background of Lloyd's current crop of troubles, arising from the departure from accepted standards at Lloyd's by some of its members, is the New York Insurance Exchange. When this begins operations it could become a serious competitor to Lloyd's within a matter of years.

Members of the Lloyd's market are expressing great interest in the new exchange. Already several UK Lloyd's brokers, including Willis Faber are intending to take an active involvement.

Lloyd's ruling committee has set up a working party which has been studying the rules of the New York Insurance Exchange to see whether brokers, underwriting agents or individual members can operate on or join the exchange without being in conflict with the rules and regulations which govern their activities at Lloyd's.

Tactfully, Lloyd's has announced that there appear to be no fundamental difficulties provided certain important requirements concerning financial security at Lloyd's are met.

J.M.

America's Risk Exchange

ALL BEING well, next month should see the launch of one of the most ambitious yet unusual ventures in the reinsurance field — the so-called Risk Exchange, commonly known as REX. Based on an IBM computer in New Jersey, REX is described by its promoters as a computer-driven communications system for the placement of facultative reinsurance.

The idea is that underwriters and reinsurers will subscribe to the system and work on a terminal. They will then be able to communicate with each other, cede and accept reinsurance business, drawn on REX's information and processing abilities and generally streamline their operations.

A typical ceding operation would work as follows. The writer prepares a cession offer and puts it out on the network. He can choose exactly who sees the offer; in fact he can direct it at a single company if he wishes. The reinsurers then consider the offer and respond in one of four ways: 1) by accepting a given *amount*, 2) by requestion extra information, 3) by setting alternative terms, 4) or by doing nothing, in which case it is assumed they are not interested.

The computer system will also be able to store information about policies, update them, inform the insurance companies when they are due for renewal, and so forth. Although these are *strictly secondary services*, REX's sponsors say these alone should make it highly attractive to companies wanting to save time and expense.

The cost of subscribing to REX is $800 per month rental for the terminal (which has been specially designed by IBM), and 3 per cent of each transaction, split half and half between underwriter and reinsurer. There are also fees for special services. Basically, though, REX should cost no more to employ than a clerk but be considerably more productive, its sponsors claim.

Because *REX is so new, it is* being treated cautiously by the insurance industry. Mr. C. W. Price of North American Reinsurance, a company which supports the project, commented: "It will take some reorientation of thinking and that is not always easy for the insurance industry."

Eleven companies (including most of the largest insurance concerns in the U.S. like the Aetna, Allstate and Continental) have put up money to develop it over the last eight years. Even so it is still not certain that all of them will actually join. Some may treat their outlay as an R and D expense and leave it at that.

Many underwriters already have long-standing and complex reinsurance arrangements, and would therefore have little need of REX, even for facultative as opposed to treaty reinsurance. The broking community is also concerned about REX since it could cut them out of the reinsurance business altogether by streamlining underwriter-reinsurer relations.

Handling

Mr. Henry Kramer, President of REX, is anxious, however, that it should not be seen as a disruptive development. Instead, he emphasises that it will begin by handling most of the business which is already done between underwriters and reinsurers by telephone or Telex anyway. Nor will REX solicit business or go out of its way to inhibit the types of business on which brokers depend.

REX's biggest challenges may well turn out to be the New York Insurance Exchange, which is getting under way simultaneously and will also depend to a large extent on facultative reinsurance. Again, Mr. Kramer stresses that the Exchange will be a market and REX a communications system, and that there will be no head-on clash. "Conceptually we are quite different," he says. He concedes though that the two operations' interest in reinsurance means there may be some indirect competition.

Like the Exchange, though, REX's development is expected to be slow, and its sponsors are not keen to rush it ahead. But for the long term they are ambitious. Mr. Kramer hopes that there will eventually be a hundred or more subscribers, accounting by virtue of their size for a large part of the market. At the moment the plan is to confine REX to the U.S., though there may be a link-up with Bermuda, which is part of the U.S. telephone system and therefore readily accessible.

David Lascelles

Long-shot gambling on jumbo risks

THERE SHOULD in theory be no place for gamblers in a well-run insurance company's boardroom. Though reinsurance is often compared with the bookmakers' practice of laying off bets, the actual purpose of the insurance mechanism is to minimise the effects of risk on any individual by spreading it out as widely as possible. A secure insurer or reinsurer should have a broad enough portfolio to be able to take almost any catastrophe in its stride.

But there is a corner of the reinsurance market where, in the opinion of some deeply worried insurers, a casino mentality has been catching on, as small companies have been competing for business on the gamble that the disasters against which they are insuring will in fact never occur. The greatest dangers arise in that part of the market which deals with the so-called "jumbo risks"—offshore oil installations, nuclear power stations and the liabilities of airlines and aviation manufacturers.

In principle, insuring these massive risks is not very different from the traditional business of insuring against natural catastrophes. Even a total loss on the biggest *individual risk in the world*—the North Sea platform Statfjord A, with a value of over $1.5bn—would cost the world's insurers and reinsurers less than a repetition of Hurricane Betsy which in 1965 destroyed property worth $2.2bn at today's values.

But there is in practice a vital distinction, which accounts for concern about how the market could cope with a "jumbo" loss on anything like this scale. Hurricane and earthquake losses are paid out of the many billions of dollars of premiums collected from worldwide property insurance by large broadly based insurers. But much of the risk in the aviation and oil rig markets falls ultimately on small reinsurers, which have chosen to specialise in excess of loss reinsurance precisely because of the very high values and low frequencies of jumbo losses.

Haven

These qualities make jumbo risks an ideal haven for gamblers, who invest in reinsurance on the hope that the insured catastrophe will never occur. As long as this remains true, the gamble pays off with what appear to be huge profits.

This year, more than ever before, insurers are beginning to wonder about what will happen when small reinsurers who have been creaming off underwriting profits instead of salting them away in reserves actually have to face the unthinkable — a catastrophic loss? Only last year Swiss Re said in its annual report: "the degree of safety in nuclear power plants is undoubtedly unusually high and it is hardly possible to imagine an actual nuclear catastrophe occurring." This year it is more likely to make the point that while its reserves on atomic reinsurance are more than adequate, it is by no means certain that this is true for the market as a whole.

Insurers, and particularly reinsurers, who allow jumbo risks to dominate their books are in very real danger because the premium volume generated in these markets are so small in relation to the maximum losses they could suffer. The aviation market's total worldwide premiums of around $300m could easily be wiped out in a single disaster. Offshore oil insurance is even more unbalanced, with a premium volume of around

Clearing up in Santo Domingo, capital of the Dominican Republic after the battering from Hurricane David

$250m supporting exposures on single risks of up to $1.5bn.

Because of the complexity of reinsurance arrangements in these markets, with the same risks appearing and disappearing from a company's books through numerous reinsurance treaties, it is almost impossible for many insurers to know just how much of the loss in a major catastrophe they would ultimately bear, or even what losses they have already experienced. No one has yet fully unravelled the chain of payments after the Turkish Airlines crash in Paris over five years ago and no one can be sure exactly how much any disaster involving liability claims has cost.

Aviation is in fact the market which worries established insurers most. Though a number of traditional aviation insurers have withdrawn over the past few years in an attempt to force up rates, there has been a flood of new money, particularly into the higher layers of reinsurance. "Innocent capacity" is widely blamed for the continuing weakening of rates.

Brokers have played a major part in bringing in new capital, on the basis of statistics on loss experience, which appear very tempting to investors who overlook the fact that most years are bound to appear profitable in a business where losses are infrequent but huge. In addition, it is claimed that reinsurance brokers have bullied underwriters into disregarding alarming gross exposures and look only at their net lines—in other words to buy lots of reinsurance and assume that the reinsurer will always pay up. If even a handful of reinsurers failed to meet their claims, the chain reaction could be long and traumatic.

It is questionable whether reputable underwriters and brokers are entitled to be patronising about such "innocent" underwriting attitudes, after the recent Lloyd's experiences over Robert Bradford's aviation reinsurance, the Sasse Syndicate's reinsurance arrangements with IRB and the computer leasing fiasco. But that the aviation market has developed a fringe of speculators and gamblers is not in doubt.

This is why there is almost a feeling of regret in the market that despite a number of appalling aviation disasters in the past few years, a real *financial* catastrophe, which would perhaps flush out the gamblers for good has not yet occurred.

A number of false alarms, starting with the collision between two 747s in Tenerife in 1977, seems only to have encouraged the hope that the top layers of liability reinsurance will never be breached. Almost all the claims from Tenerife have now been settled for around $70m, which certainly has not justified the panic about eventual losses of up to $2bn. Tenerife was much cheaper than had been feared because it happened outside the U.S., the Warsaw Convention limited liability, and most of the victims were old.

But last September a *mid-air* crash occurred over San Diego. Most of the 146 passengers killed were affluent young executives and insurers were *petrified* about the compensation that Californian courts might award.

In the event, most of the claims have already been settled out of court. Though the cost is likely to be as great as that of Tenerife, it will be far below the maximum loss, which a single aviation disaster could in theory produce.

Even in the Chicago DC-10 crash this year, settlements appear to be proceeding rapidly. Despite the suggestions of defects in manufacturing or maintenance, it seems unlikely that insurers will suffer anything like the full loss of around $500m covered by McDonnell-Douglas's product liability policy.

Nevertheless each of these losses has been big enough to drain the world aviation insurance market of a large part of its annual premium income, allowing very little for the many minor losses which inevitably occur every year.

Sooner or later a number of major disaster may occur in a single underwriting year. But even then the reinsurers of the upper liability layers will know little about the true cost of their losses for several years. Until the long skein of reinsurance treaties is unwound after a year of disasters, these reinsurers will contioue to enjoy a strong cash-flow and it seems unlikely that aviation insurance rates will rise to what conservative insurers regard as reasonable levels.

The market for offshore oil insurance, which is still highly profitable, is as yet showing few signs of following aviation insurance down the slippery slope. The days when insurance for large oil rigs was unavailable at almost any price are still fresh in the minds of the oil companies' risk managers, who have yet to flex their buying muscles in an effort to force down rates. There is little effective competition in the market. But the dangers posed by the speculative fringe of reinsurance companies and by the intricacy of reinsurance arrangements are beginning to worry some insurers.

Offshore

There are three main types of risk covered by the offshore oil insurance market: drilling and support vessels, with values ranging from $5m up to $100m for the biggest semi-submersible drilling rigs and crane construction barges; fixed platforms and rigs. The huge installations in the North Sea have values up to $1.5bn. Elsewhere they are much smaller. The biggest in the Gulf of Mexico will be worth $300m when completed, while the vast majority support only one well and cost less than $2m.

The catastrophe potential in this market is obviously acute, not only in the North Sea, where all the most expensive rigs are located, but also in the Gulf of Mexico, where over 3,000 small drilling rigs are exposed to hurricanes.

At the moment rates reflect this adequately because there is really only one market for the very biggest risks. This is the London Master Rig Slip (LMRS), organised by four leading London brokers—Bland Payne, Sedgwick Forbes (now merged), Bowring and Leslie and Godwin. LMRS has a capacity of $500m and leads on all North Sea risks. For smaller risks, up to about $200m, an alternative market exists in America, consisting of four pools of insurers—AIG Oil Rig, All American Marine Slip and American Offshore Syndicate and Mutual Marine Office.

Insurance companies and pools on the Continent and in Japan provide a great deal of additional capacity and excess layers of reinsurance up to $1bn or more, but on major risks almost invariably follow one of the American pools or LMRS.

What worires some insurers is that the results so far have been so encouraging that the same temptation to gamble on a continuation of the good times may draw too much capacity into offshore reinsurance. Meanwhile oil companies can be expected to become more aggressive in bidding down rates. The Bermuda-based captive owned by 31 oil companies, Oil Insurance Limited (OIL), is becoming active in the offshore market and is believed to have insured over 50 rigs. It can probably offer capacity of up to $200m per risk.

Ceainly the number of small, new insurers involved in the pools and the degree to which risks are passed around the market through reinsurance is reminiscent of the aviation market. Aviation insurance it will be remembered, also enjoyed several years of good profits afer be inroduction of jumbo jets. But those were the days when brokers had difficulty marshalling capacity for a hull risk of $30m.

Even with the multi-billion dollar oil installations, the insurance market has not yet reached the limits of risk created by modern technology. Nuclear power plants had until this year produced total liability losses of only $620,000 in America. The biggest ever property claim on a nuclear plant was about $11m. The near-disaster at Three Mile Island has changed all that. Although the actual liability losses are unlikely to be anything like the $560m which is currently being claimed in several class-action lawsuits, the cost of repairing tha plant could be around $150m.

Much more crucially, the incident *has called* into question the limitation of liability which nuclear operators enjoy under the Price-Anderson Act. This limits liability to $560m. Of this, only the first $160m is covered by American Nuclear Insurers, a pool of 140 insurers, who in turn *reinsure* most of the risk in London, Europe and with nuclear industry captives. The next $365m of liability would be covered in the event of a disaster by a levy of $5m on each of the country's 73 nuclear operators, which the Federal Government bearing the remaining $35m of the risk up to the limit of $560m. But the Federal Insurance Administration has estimated, for what such a speculation is worth, that an explosion at Three Mile Island would have produced damage of anything from $3bn and $18bn.

Unlimited

If a Bill sponsored by Rep. Ted Weiss and enthusiastically supported by the consumers' and anti-nuclear lobbies passes through Congress in anything like its original form, the manageable liabilities imposed on the nuclear industry could become unlimited. Every utility would become liable up to the total value of *its assets, and* other nuclear operators would be subject to an unlimited levy to make good any shortfall. In addition, Mr. Ralph Nader is pressing for the removal of the standard nuclear damage exclusion clause from householders' insurance policies.

The combined effect of any measures even remotely resembling these would generate a mind-boggling demand for reinsurance up to limits which are hardly imaginable at the moment. Indeed one of the specific aims of such legislation would be to make nuclear power generation much more expensive and much riskier financially for the utilities—"to introduce economic realism into nuclear planning," in Rep. Weiss's words.

The hope of the anti-nuclear lobby is clearly that neither the utilities' shareholders nor the world's insurers would be unwilling to accept the immense risks of nuclear power if the limitation on liability were abolished, so that nuclear development would be arrested through the use of market forces. What the nuclear industry's opponents may not have reckoned for is that there appear to be plenty of speculators in the reinsurance market who are willing to accept almost unlimited risks in return for a positive cash-flow—at least as long as they never have to pay up.

Anatole Kaletsky

Underwriting agencies

UNDERWRITING AGENCIES acting on behalf of other insurance and reinsurance companies form an important sector in the London reinsurance market. The sector accounts for around two-thirds of the non-marine reinsurance company market and a similarly high proportion in the marine market. Most of the new companies that have come into the London reinsurance market in recent years have arrived via an agency.

The reasons for this are easy to understand. The transaction of reinsurance business on a world-wide basis enables insurance companies to spread their portfolios over a wide geographical area. But to do so effectively in the major world reinsurance centres such as London on any scale means having a physical presence at that centre. If an overseas company tries to operate from head office at long distance, it will find that the delays that occur, even with modern communications, will hamper the flow of business. And effective reinsurance underwriting needs an expert on the spot.

But the expenses of setting up an office in one of the world centres, employing the necessary expertise, can be very expensive and not justified by the flow of business. A new venture must be prepared to wait and let the business grow of its own accord.

The solution adopted on the London market is to appoint an underwriting agent. An insurance company which obtains authorisation from the Department of Trade to transact insurance business in the UK can appoint an agent to underwrite reinsurance on its behalf. The agent can provide the necessary on-the-spot expert underwriting. It knows the insurance market intimately and has the necessary contacts. And it can provide the insurance company with the necessary spread of business and risks.

An agent operating on the London market would usually act for more than one insurance company. Any risk put up to the agent would be spread among all the principals for whom the agent acts. In general there is no discrimination in the placing of business.

Many of the agencies operating in London are run by the major international insurance broking companies. These are ideally placed to make contact with the insurance companies and the reinsurance brokers. They have been offering this service for decades and have the necessary expertise.

Onerous

But there are other insurance agencies not connected with any insurance broking organisation. Sometimes it is a method for an experienced underwriter to operate on his own without having to fulfil the onerous financial requirements of operating as an insurer.

Agencies tend to specialise to a greater or lesser degree. One obvious division is between marine, aviation and non-marine. An insurance company wishing to operate in all three reinsurance fields would normally have a different agency for each type of business. The larger agencies may well offer all three types of underwriting but not for the same insurance company. Again, an insurance company may well have its own local reinsurance company in a major centre, but use an agency for certain specialist underwriting for certain risks.

The terms on which an agency operates for a principal can vary widely. It can be confined to agents writing on an agreed line with close contact having to be maintained with the principal insurance company.

In this case the agent is cramped regarding the amount and type of business accepted and the premiums and terms imposed.

But in other cases the agent is given very wide powers of attorney to act for the insurance company. This means that the agent has considerable flexibility as to how he operates and can use his business judgment on the risks accepted.

The choice of method will obviously depend on the philosophy of the insurance company and the reputation of the agent. Some insurance companies feel there is a need to be closely involved in the operations being carried out on their behalf even though the agent has an impeccable reputation. Others are prepared to give the agent a free hand in his operations. The expertise of the agent is an overriding consideration.

There are various methods by which agents are remunerated. Each has its attractions but there can be pitfalls.

One method is to pay the agent an agreed percentage of the account income—effectively an overriding commission. Thus the agent is given the incentive to write as much business as possible. The danger is that the agent will accept the more speculative risks simply to boost premium income. Under an agency agreement the insurance company gets the profit from the operation but also stands to meet underwriting losses. There have been cases where the principal insurance companies in an agency have lost heavily because the agent has gone for premium income.

The other main method is to be remunerated on an agreed cost basis plus a commission on profits. The agreed costs will meet the agent's expenses of operation, while the profit commission, which is based on the underwriting results, provides the incentive to the agent to accept quality business and operate on a balanced portfolio.

Interest

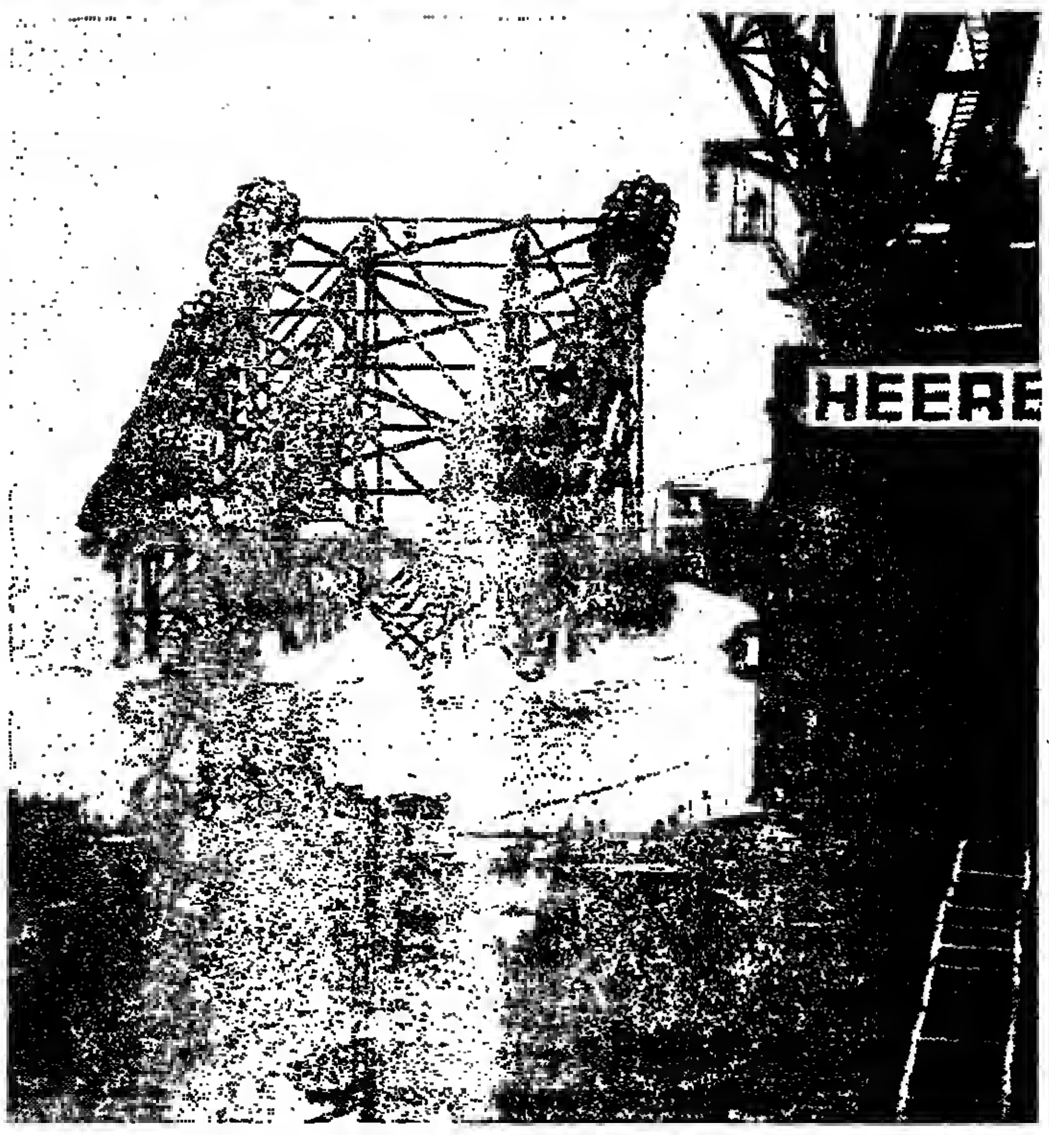
The interest earned on the premium income belongs to the principal insurance companies. This is only to be expected. The agency is an underwriting agency, so investment income must belong to the insurance company. The agency may be given the power of attorney to invest the premiums on behalf of the principal. But often the agent remits the premiums to the insurance company and the company itself does the investment. It is much easier for a company to carry out the investment at long distance than to do the underwriting.

Agents will not accept an agency from another insurance company without the agreement of its existing principals. The use of an agent can be a first step towards eventual full-scale entry into that insurance market. But often the agency remains for several decades, the insurance company being quite satisfied with the arrangement and not wishing to establish a branch or subsidiary operation. Much depends on the service provided by the agent.

It is essential that insurance companies wishing to enter a market through the agency route select their agents with care. The agencies operated by the insurance broking groups offer a first-class system and they have to operate on an arm's length basis from the rest of the insurance broking company. Otherwise they would not get business from other insurance brokers.

It should be obvious that a bad choice of agent or loosely framed terms of agreement can result in the insurance company running into severe losses or finding itself committed to liabilities it had no intention of accepting. Yet more than one insurance company entering a new insurance market has suffered losses through making a bad choice of agent or getting the terms of the agreement wrong.

Eric Short



The launch of the Murchison Field platform, the latest oil rig to be anchored in the North Sea—with its attendant insurance risk

Backing for new life offices

THE PAST decade has seen the number of life companies operating in the UK mushroom after years of declining numbers. The advent of these new companies has enlarged the business for the reassurers since a new life company needs the services provided by the reassurer much more than does an old-established life company.

First, the new life company does not have the reserves available to a one long-established. Thus it would be more severely hit by adverse mortality experience, making its reassurance needs paramount. It cannot carry the large individual risks itself and its individual retention limits are possibly much lower than for an established company.

The reassurer can provide not only the reassurance facilities; it can also advise the new company on the levels of retentions so that its capital structure can cope with the financial strains arising from early deaths. The reassurance facility can be extended to cover the overall risk to the company above a certain level.

Inexperienced

Secondly, the newly established life companies are, almost without exception, staffed by market-orientated people. The companies are very inexperienced as regards what medical evidence is needed and how to go about getting it. Although the products are sold as savings contracts, the death cover provided makes it imperative that normal underwriting procedures are followed.

The reassurance companies have provided help to the new life companies in designing the forms, the limits when to seek a relevant sections of proposal report from the investor's own doctor and when to seek e medical examination. The reassurers have also advised on which doctors are available in which areas to undertake medical examinations for life assurance proposals.

Next, the reassurers have been more actively involved in the actual underwriting of the contracts put up to the new life companies. Since these new companies are selling savings and are thus market-orientated, they are only too willing to leave the underwriting to the reassurer. After all the letter have a vast pool of underwriting expertise. This approach also has the merit of avoiding duplication.

But mortality is not the only problem facing newly established life companies. Control of expenses and sufficient capital to write business are crucial factors.

Life business is very costly to acquire, even for an established company, with the commission paid a major item of expense. The newly-formed companies usually have to pay even more commission than the scales set down by the Life Offices Association (LOA) to attract business and get established. Hence new offices do not join the LOA. In this field the reassurance companies can materially assist in easing the expense burden.

The method basically is for the life company to reassure 50 per cent of each contract, with the reassurance company paying a high commission for that part ceded do it. By this means the life company, although paying over half the premium received, has most of its commission payments returned to it by the reassurance company.

In return, the reassurance company becomes involved with the operations of the life company, participating in their profits without having to put up equity capital. But there can be problems, as soe reassurers found whne Fidelity Life rao into trouble a few years ago.

Nevertheless, by this means a newly formed life company can write more business thao would be otherwise possible unless it was prepared to expand its capital base. New life companies have regularly to submit new business plans to the Department of Trade and these are closely mooitored by the Department. Any significant departures usually mean the submission of a revised plan and a demonstration that the capital backing is adequate. The DoT looks more favoorably on any departure if the life company has the backing of a reassurer.

Involved

But some reinsurance companies consider it part of their service to be much more involved in the establishment and operation of new life companies right from conception. The Victory Insurance Company, a member of the Legal and General Group, is very much to the forefront in providing this service on a worldwide basis.

It regards much of its future growth as coming from these new life companies rather than from the established ones and considers it in its own interests to foster the sound development of new life companies.

Thus it will be involved in the prodnct design of the company, the calculation of premium rates and in the marketing processes. Having been involved in this field for a decade or so, Victory feels that it has acquired adequate expertise to assist new life companies in all aspects of management and financial control.

This involvement with the establishment of new life companies shows that the reassurers are now progressing beyond their orinigal function of solely providing reassurance facilities for life companies into being actively involved in the development of the life assurance industry. This involvement should ensure that the new life companies operate right from the start on sound financial lines with adequate capital backing.

Eric Short

This page and the following carry short reviews of some of the leading reinsurers in the U.S., Britain and Continental Europe discussing their origins and connections, philosophies and operating records. The profiles were written by DAVID LASCELLES in New York and RICHARD LAMBERT and ANATOLE KALETSKY in London.

International groups play a dominant role

Prominent pioneer

GENERAL RE

MOST OF the large U.S. reinsurance companies are offshoots of giant insurance concerns; the biggest of them all, General Reinsurance, is not. Founded back in 1927, General Re is widely credited with having started the reinsurance business in the U.S. It has remained at the top of the league ever since, as an independent company.

"We bed a leg up every now and then," says its good-humoured chairman and chief executive officer, Mr. Harold Hudson. For instance, be singles out General Re's decision to set up facultative casualty reinsurance in 1953, long before anyone else. That step gave the company a 10-year dominance of the market before the rest of the field caught up, and is still its strong point.

Today, writing premiums of over $750m and earning over $100m a year, General Re strives to maintain its lead in other weys. It bas 17 offices and 200 underwriters doted around the U.S., and its strategy is to sell its services in more places than anyone else. (Its foreign business is very small, accounting for less than 5 per cent of the total.)

Even so, General Re is concerned about the current overcapacity in the market, and has been careful not to get swept up in the cost-cutting race that the excess capacity has sparked off, even at the risk of seeing its business growth slow down a little.

Mr. Hudsonblames the softness of the market partly on the ease with which primary insurers bave been able to set themselves up in reinsurance (even if they did not do a good job of it). But there bas also been a marked inflow of captive compenies—and more recently of foreign ones too.

Although some new entrants beve been successful, Mr. Hudson says many were also "innocents' who wer'e gratified by the rapid rise in premium income but did not realise how long it takes for the claims to come in. General Re itself plans on tbe basis of a loss "tail" of 16 years.

As for prospects, Mr. Hudson reckons it could be another year or two before prices are back where they ought to be, though a castastrophe would belp. But General Re's earnings sbow steady improvement this year, he says.

Mr. Hudson was recently elected vice-chairman of the New York Insurance Exchange, a venture which he believes has good long-term prospects even if its immediate benefits may have been exaggerated. He is not dismayed by tbe fact that the Exchange has bad little success in attracting new capital to the reinsurance hnsiness ("there's too mueb capacity anyway"). But for a while, he says, the Excbange may be no more than a different way of marketing existing reinsurance business. General Re has its own syndicate on the Exchange, the North Star, in which it may sell shares to other companies.

Strong parent backing

PRU RE

PRUDENTIAL Reinsurance, or Pru Re as it calls itself, is part of the giant $50bn Prudential Group, the largest insurance concern in the U.S. and based in Newerk, New Jersey.

Althougb it did its first reinsurance business in 1971, it was not hroken out as an individual entity until 1973. But today, aix years later, it claims to be tbe sixth largest reinsurer in the U.S., and fifteenth in the world. Premium volume last year was $315.2m and income reacbed $35m. Its assets were $977.2m.

This rapid rate of growth is to some extent hy grace of timing. Pru Re's birth coincided with the start of e surge in the reinsurance business. But Mr. Leroy Simon, the compeny's senior vice-president, says: "We wanted to keep our growth under control. I've tried to hold in the reins."

He notes two other reasons for Pru Re's success. One is the strong backing, finaucial and otherwise, it has had from tbe giant Prudential organisation, which put up $75m to get it going. The other is simply tbe attraction of the Prudential name. Pru Re does not, however, accept business from the Pru's property and eccident insurance subsidiary. "We tried it once," says Mr. Simon, "but they get such good rates that we thought we'd leave it to someone else."

Last year Pru Re set up two wholly-owned subsidiaries, Gibraltar Casualty Company, which specialises in hard-to-place risks, and Dryden and Company, which provides underwriting and claim services for Gibraltar.

The company's main foreign operation is Le Rocher of Belgium, which handles its European business. Pru Re bas no direct connections with Lloyd's.

Pru Re is a conspicuous ahsentee from the proposed New York Insurance Exchange. Explains Mr. Simon: "We are prepared to enter it if it seems like a wise thing to do. But so far we haven't seen enough hard information to make a decision." Nevertheless, Mr. Simon describes it as "one of the big noble experiments of the decade, and says his company is ready to apply to join "at the drop of a bat" if it wants to.

Pru Re's immediate business prospects are clouded by the softness of the reinsurance market. Mr. Simon says he expects earnings this year to he ahout the same as last but predicts thet next year will be even less fevourable. "It will take a bad experience to shake things up," he comments, adding that a turnaround is not likely until 1981.

Setting off on its own

TRANSATLANTIC RE

TRANSATLANTIC Reinsurance Company is a name that bas yet to become widely known in the reinsurance husiness. But it is on the brink of emerging from a rather sheltered existence in New York, and its credentials could bardly be better.

Transatlantic began life back in 1952 and grew up as part of the American International Group (AIG), the highly diversified and internationally orientated insurance company. But it was "not very aggressive," says its current President, Mr. Alfred Weber.

In January 1978, however, it was reorganised and recapitalised. AIG reduced its equity to 47.2 per cent, and farmed out the remaining 52.8 per cent to seven other insurance companies in the U.S., Europe and Jepan. It received $50m in capital, and is duc to receive a further $50m this December, so that hy the end of this year Transatlantic will he a $100m company.

For the first two years of its life—i.e., until the end of this year—all Transatlantic's husiness was to come from within AIG, in wbose Manhattan beadquarters it is boused. Otber AIG units were instructed to offer all their reinsurance husiness to Transatlantic first, thongh they were not required to conclude any deals unlcss the terms were rigbt. Tbis, explains Mr. Weber, introduced a strong market element into the relationship and was supposed to ensure that Transatlantic offered competitive rates.

It also helped Transatlantic to grow. In the first year of its new incarnation it wrote $113m in premiums and expects to bring this up to $140m this year. Profits last year were $3.3m.

At the beginning of next year, thougb, Transatlantic is to sever this special relationship with AIG and set off into the outside world. It could be starting out at a toogh time. Mr. Weber concedes thet the reinsurance market has been weakened by the huge volume of new capacity set up in recent years, a lot of it hy foreign companics. And it will take drop in interest rates plus on (or even two hurricanes) to turn the market round. Transatlentic specialises in catastrophe exposures which produce higber rates but can also make sudden huge demands when the eartbquakc or hurricane strikes.

Transtlaintic will have no direct connection with the New York Insurance Exchange, even though AIG, through its chairman Mr. Meurice Greenberg, pioneered the project. Instead, AIG has set up its own syndicate, AIG Multi-Line Syndicate Incorporated, consisting of two of its subsidiaries — American Home Insurance and National Union Fire Insurance Company of Pittshurgh.

Conservative approach

INA RE

INA REINSURANCE is a subsidiary of the Insurance Company of North America, Americe's oldest stock insurance company, founded in 1792. The reinsurance operation itself was established as a separate entity in 1970-71, though INA had been doing reinsurance since 1946.

Today its domestic reinsurance business runs to abont $160m in premiums written, making it the fourth largest in the U.S. Organisationally, though, INA's international reinsurance activities (whicb run at about $150m a year) are bandled not by the reinsurance division hut by the international division, which looks after all of INA's business outside the U.S.

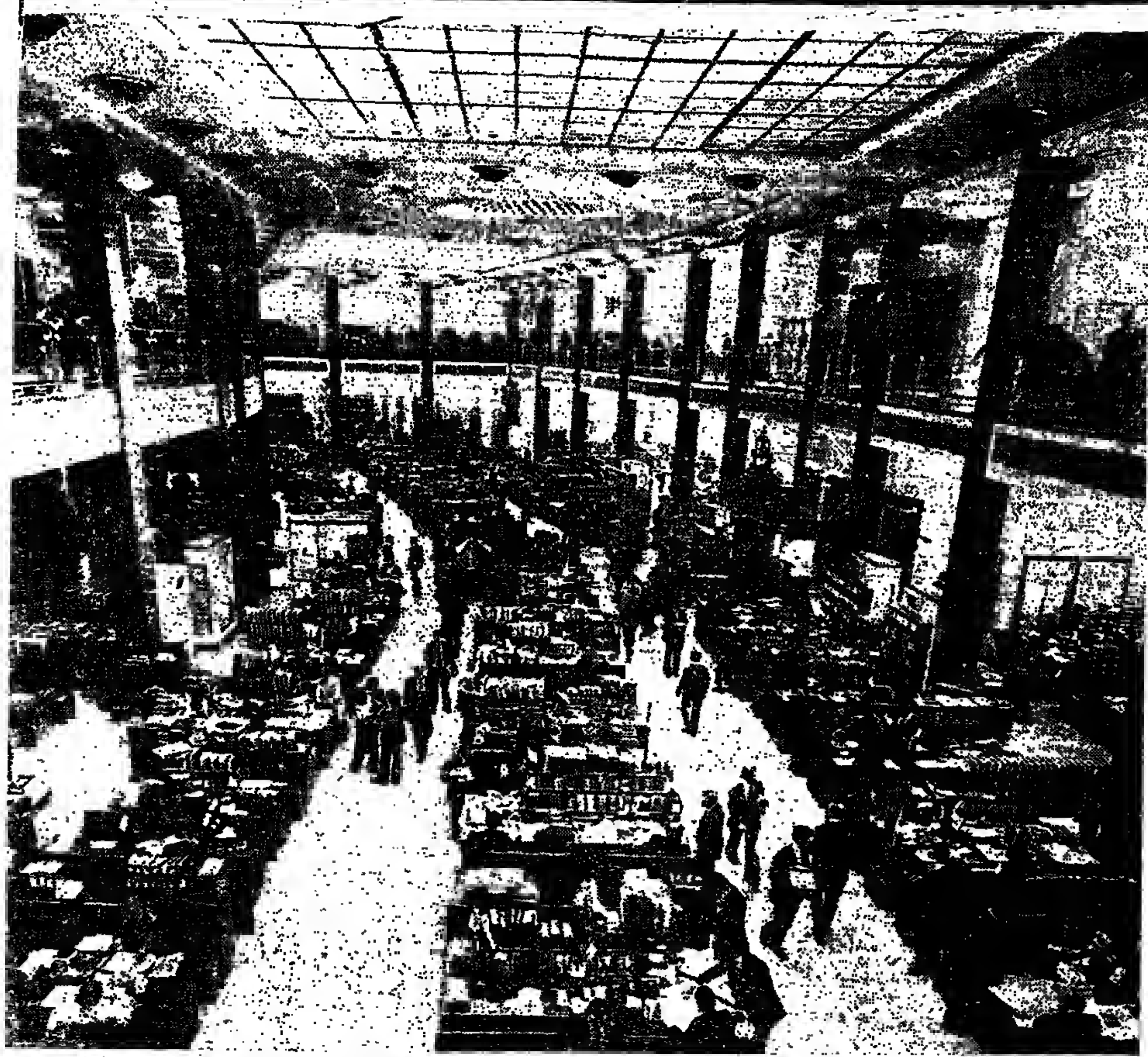
INA Reinsurance has made a profit on domestic business in two of its last five years—1976 and 1978. It also reported a sharp drop in premiums written last year ($195m to $162m), but says that was because there were large inter-company reinsurance transactions in 1977, and certain classes of business were transferred in 1978. Without these factors INA says there would have been an increase in written premiums in 1978.

Chairman, Mr. Guy Patterson, describes his company's approach as "conservative," and comments: "We have been careful in taking on new business. We are not being too bungry." He believes, however, that INA's business fortunes are improving even though the market is currently going through the soft phase of its traditional cycle. "Sooner or later the catastrophe will come which will firm the market up a bit," be says.

Mr. Patterson says the market has recently seen a large number of new entrants, particularly captive insurance companies which see reinsurance as en area where they can expand et low cost. They may also be acting in anticipation of new legislation which could force captive companies to diversify their interests more. But Mr. Patterson concedes that these developments hring new capital to the market which will be needed "further down the road."

INA is a founding member of the New York Insurance Exchange, along with a syndicate named The 1792 Company. Mr. Patterson says people may well ask why INA decided to join when it is already in the reinsurance business. His answer is that he believes that the Exchange is a good thing wbich should he supported. It will bring new capitel and risk-takers into the market at a time when inflation and an unsteady stock market threaten its capacity. It could also, in the long term, develop into a kind of U.S.-style Lloyd's which would increase competition and expertise.

But INA also bas specific plans for its syndicate. Mr. Patterson says he hopes to team up with other companies on the Exchenge, and hring in partners from around the world. INA bas had aeveral expressions of interest, and might also form companies to service exchange members.



The Long Room at Lloyd's, the world's leading centre for the transaction of insurance and reinsurance business

Leading trio in Europe

Policy of direct links

M AND G

WITH NET premium income of £215m, the Mercantile and General Reinsurance Company is far and away Britain's biggest reinsurance business. It is well over three times larger than its nearest UK rival, and nearly 70 per cent of its premium income arises overseas.

The company was founded and developed in the early years of this century by the Swiss Re, in conjunction with the Guinness family, and they remained the controlling shareholders until well into the 1960s. By then, M and G had reached a size at which it was starting to compete with its main shareholder and so in separate stages it was acquired by the Prudential which today owns 100 per cent of the business.

However M and G deliberately plays down its connections with its powerful owner, for sound business reasons. Unlike most UK reinsurance companies, M and G does not normally work through insurance brokers. Like its big brothers on the Continent, it prefers to work directly with the ceding insurance company, with which it aims to build up a close working relationship. As well as its mainstream reinsurance business, it offers a wide range of financial and administrative services to the direct insurer.

"Most UK reinsurers look at an individual class of business as the main unit of their marketing endeavour," says Mr. J. A. S. Neave, the managing director, "but we look more at the ceding company itself."

For this approach to work, M and G has to be seen to be completely non-aligned, and not in any way competing with its client. So it is managed and run quite separately from the Pru, and does business with it only on an arms length basis. "We are," Mr. Neave observes, "entire, in the equine sense."

As part of its strategy the company has between 70 and 100 people touring the world, developing contacts with the ceding companies. Since the war it has in addition established a number of subsidiaries in major territories—Canada and Australia, which each generate 10 per cent of the company's premiums; South Africa and, most recently, the U.S., which each bring in around 8 per cent of premiums. Local development of this nature is likely to be extended in the future.

Total premium income has expanded sixfold over the last decade, a growth which must in part reflect the weakness of sterling. M and G does not think that its UK domicile has been a drawback over the period. Since as far as possible its assets and liabilities are matched, a weak currency only presents problems in the event of an underwriting loss in a hard currency area. Against that, the company says that there are real advantages in being based in the City of London.

Wide geographical spread

SWISS RE

THE SWISS Reinsurance Company is second only to Lloyd's as a force in international insurance and reinsurance. Although its gross premium income of SwFr 2.7bn is slightly less than that of Munich Re, Swiss Re has a wider geographical spread than any other major reinsurer.

Unlike most European reinsurance companies, which are trying hard to expand overseas, Swiss Re is broadly satisfied with the current spread of its premiums—63 per cent from Europe, 22 per cent from America, 13 per cent from Africa and Asia and 2 per cent from Australia. Nevertheless, the rapid appreciation of the Swiss franc and the Deutsche Mark have forced it to grow rapidly in America merely to maintain the balance of its portfolio of risks.

It derives about 30 per cent of its premiums from Switzerland and Germany, where it operates directly and through its subsidiary, Bavarian Reinsurance Company. Another subsidiary, North American Reinsurance Corporation, is the third largest reinsurer in America.

Swiss Re's other subsidiaries include Swiss Re (UK), which handles most of its London market operations, Canadian Re, Australian Re and Swiss-South African Re. Until 1968 it also had a controlling interest in Mercantile and General, Britain's biggest reinsurance company. Its direct insurance interests, which produced a premium income of SwFr 1.9bn in 1978 include the Switzerland General Group and the Magdeburg Group.

But Swiss Re's influence is probably felt most strongly in the developing countries, particularly in countries where the services provided by Lloyd's brokers and British direct insurers are relatively weak.

Swiss Re's financial position has traditionally been conservative. Capital and free reserves of SwFr 397m greatly understate its financail strength, since there is also a "hidden surplus" of SwFr 486m, resulting from the difference between market and book values of investments. Like all reinsurers, Swiss Re's official policy on currency risks is to match liabilities with assets in the same currencies as far as possible.

While there is undoubtedly some attempt to benefit from the strength of the Swiss franc, its investment portfolio reflects the spread of its business fairly closely—21 per cent in U.S. and Canadian dollars, 73 per cent in European currencies (including 30 per cent in Swiss francs) and 6 per cent in yen and Australian dollars.

In fact Swiss Re finds the strength of its domestic currency a major headache. It has meant that no matter how hard it tries to expand overseas, its business and profits in Swiss francs appear static. Last year the gross premium income in its accounts declined by 9.5 per cent, despite a growth rate of 12.4 per cent in local currencies. More seriously, its net profits fell from SwFr 75.6m to SwFr 71.5m and it reduced its allocations to the special reserve funds and the catastrophe reserve.

But shareholders have no need to worry. The traditional SwFr 100 dividend is covered 1.6 times by net profits. If on the other hand shareholders ever did get jumpy, there would be little they could do. The articles of association prevent any one person voting more than 10,000 shares—about 2 per cent of the capital.

Strong home base

MUNICH RE

WITH GROSS premium income of DM 6.1bn in 1978-79, Munich Re is widely reckoned to be the world's biggest reinsurance concern. Almost 100 years old, it has a position of enormous strength in the domestic German market as well as a network of subsidiaries and branches throughout the world. Its published balance sheet total is over DM 10bn, and if its assets were included at anything like their market value, its already substantial reserves would increase very considerably.

Another key feature of Munich Re is its relationship with the Allianz Insurance Company. The two are linked by reciprocal shareholdings of 25 per cent, and operate several important jointly owned companies, notably in the life and health sectors.

For all its strengths, however, the company is not immune from the pressures currently being felt by the world's reinsurance industry. In the German market, which accounts for around 60 per cent of its premium income, the company is feeling the impact of severe competition in the main classes of fire insurance, where rates have fallen by as much as two-fifths in the last five years.

In the early 1970s, Munich Re was able to respond positively to a spell of fierce rate-cutting in Germany by leading a round of premium increases. But now it says that there is just too much capacity around for such firm action to be effective. An increasing number of direct insurers are writing reinsurance business—and overseas intruders—such as the big U.S. life companies—are fighting for a foothold in the marketplace.

The company's own international exposure has been limited by the impact of two world wars and a very strong currency. In 1977-78, for instance, a rise of 24 per cent in foreign premiums when expressed in local currencies translated into an increase of just 13 per cent in terms of the Deutsche Mark.

However, Munich Re professes to be broadly satisfied with its current spread of business, and certainly does not intend to buy foreign premiums at the expense of earnings. Half its foreign business arises elsewhere in Europe and the rest is spread across the world. Recent experience in aviation and transport has been very bad, and the company is happy about the fact that its exposure to foreign motor business is relatively small. But its results have been much better in foreign fire insurance, and in various technical classes of insurance.

Overall the company will probably show only a small profit on its reinsurance activities in 1978-79, or maybe even a loss. But a further advance in investment income should keep the whole enterprise moving forward.

State intervention

IT HAS been widely assumed that government control of, or involvement in, the reinsurance business is confined to Third World countries and that everywhere else reinsurance can be carried on freely and without significant restriction. This idea is often canvassed by politicians and even government trade officials themselves who, crying "monopoly" or "unfair discrimination," see the need to protest on behalf of their constituents against a ruling of a less developed country suddenly reserving all or most of some class of previously exported or reinsured business to their own national underwriters and reinsurers.

The politicians and officials either do not remember or conveniently forget that another government department just down the road—the Finance Ministry or the Revenue—has made rules that can affect their own country's and other countries' reinsurers to the tune of many millions of premium or claims dollars a year.

The assumption of Third World perfidy is also exploited by reinsurance professionals themselves who see a long-standing inflow of premium from a Third World country dry up as that country installs a single monopoly insurance corporation or introduces a requirement that direct writers, if any be left, seek all or most of their reinsurance protection from a central State reinsurer. How imprudent, they suggest, it is for any government so to arrange the affairs of a new or small developing insurance market as to deny insurers there free access to the life-giving waters of "international" reinsurance protection (meaning more often than not London and a few other principal centres) and the boon of almost limitless risk-spreading by onward cession and retrocession worldwide.

Opposite

But, as an example of precisely the opposite situation, other professionals would cite the case of reinsurers in industrial country A who pay promptly the catastrophe claims of insurers in country B—possibly a less developed area—without having received adequate premium from B to cover those claims. Reinsurers in A often find that, to balance their worldwide books, they cannot call upon balances owed to them in industrial countries C and D, where cedents or retrocessionaires have already settled or are ready to settle quickly.

Unfortunately, government C is found to rule that outstanding premiums or losses owed to reinsurers A in country C must be left exactly where they are, against future reinsurance settlements in that country. And government D requires that balances owed may not be remitted to A but must be invested or deposited in approved instruments, possibly well above the level of D's solvency requirements for insurers operating within its borders.

Here is a further example. Premium paid by an American business corporation to a direct insurer abroad may be allowable against federal tax as a business expense (though not premium paid to its captive insurer if it has one). But premium paid by a U.S. insurance company for reinsurance protection abroad is subject to a tax levy.

It is of course perfectly true to say that, by comparison with direct insurance and direct insurers, reinsurance and professional reinsurers (though not usually treaty departments of direct insurance companies) have been subject to less control by government supervisors in most industrial countries. But while direct supervision of reinsurance is increasing somewhat, actually or imminently, in a number of advanced countries (or groups of countries such as the EEC), it is the growing range of indirect government interventions, mainly through legal, fiscal, exchange control and investment means, which will increasingly engage the attention of experienced international reinsurers.

In the UK and some other European countries, to give first an example of changes in direct supervision, reinsurers have until now been subject to supervision only to the extent that they were regarded as no different from ordinary insurance companies writing the same authorised classes of business. Now, however, the European Community has proposed to separate and authorise reinsurance as a distinct risk and class of business.

This relatively small degree of supervision — ostensibly little more than a re-labelling of the reinsurance business — appears to be intended as liberating rather than restrictive. It would follow the earliest of the EEC insurance directives, the Reinsurance Directive of a decade ago, which guaranteed freedom of trade within the then six-country Community for a type of contract to which professionals, not consumers needing protection, were parties on both sides.

Agreed

The latest draft of the EEC Insurance Contract Law Directive views reinsurance, and international coinsurance and direct insurance arrangements, as not calling for restrictive safeguards. By contrast with consumer insurances, where the law of the contract will be that of the country where the risk arises, the law of contract of a reinsurance arrangement will be that chosen and agreed to by the parties.

European and American reinsurance professionals concede that in some cases, though only a few, fairly drastic forms of government intervention in some developing markets could be beneficial. The creation of a central reinsurance corporation and the requirement that direct companies cede a proportion of their business to it, coupled with tighter capital solvency and reserving rules, can help to rationalise and stabilise markets with too many small and shaky units of direct capacity in them.

Success in this direction holds out the promise of better quality risks being ceded abroad for reinsurance by the central institution and, in respect of remaining business not caught by the compulsory cession, by surviving direct writers or independent reinsurers. It also helps to build secure capacity in the developing market into which further reinsurance retrocessions from abroad may be made with confidence. This is admittedly a somewhat idealised turn of events, which does not happen in many territories and cannot on the whole happen if nationalisation leaves only a single monopoly insurance and reinsurance corporation.

This year in particular both direct and indirect controls in Third World and industrial countries have caught the renewed attention of professional reinsurers, insurance economists and, as part of the consideration of barriers to service trade, inter-governmental bodies such as GATT and OECD. From the reinsurers' viewpoint the reason for this revived interest is easy to see. It comes at a time when the volume of international reinsurance required is growing rapidly but profitability on the business accepted in general declining because of simultaneous accumulation of large catastrophe risks in the last year or two, competitive rate-cutting in many primary markets and the growth of official restrictions, mainly indirect, on the international reinsurance trade.

The interrelation between government controls and reduced profitability in reinsurance formed a major theme of the Reinsurance Offices Association's fourth international seminar in Cambridge in March. At Cambridge the possibility of an international convention or compact between government authorities and reinsurance industries round the world was discussed as a possible means of minimising the adverse effects of state control and intervention. A similar proposal for the development of an advisory code within OECD's or better still GATT's discussion of the removal of barriers to service trades was contained in a paper prepared for the independent Trade Policy Research Centre by the British insurance economists Robert L. Carter and Gerard M. Dickinson in May.

Many people engaged in the day-to-day business of international reinsurance or broking do not feel that the blanket approach applied to the elimination of barriers to merchandise trade can be made to work in the case of worldwide reinsurance. The tendency over the next few years will be for public control of, and intervention and participation in, reinsurance and direct insurance business and organisations to increase further. Many specialists believe that directing such interventions into the least harmful or better still most constructive channels will be largely a matter for patient negotiation, market by market, between reinsurance professionals themselves and the government concerned.

J. J. Pryor

The captive company

CAPTIVE INSURANCE companies, which are formed by larger industrial enterprises as a means of insuring their own risks, have until recently been regarded with deep suspicion by established insurers. Direct insurers decried captives largely because they posed a threat to some of their best business. Captives are set up by companies that are big enough to assume the risk for most of their smaller losses themselves, without buying insurance.

Forming a captive, instead of simply paying for losses out of cash flow, has three major advantages. It can save taxes, particularly if the captive is established in a tax haven, usually Bermuda or Guernsey. It forces the company to monitor and control its risks more closely, thus reducing its losses. And it enables those risks which the parent cannot afford to assume to be insured in the reinsurance market without going through a direct insurer.

Now that there are about 800 captives in Bermuda alone, with a list of parents that includes much of the Fortune 500, direct insurers have had no option but to swallow their pride and assist their clients in the formation of captives, in return for fees or for reinsurance. Meanwhile reinsurance companies, many of which also shunned captives, partly for fear of alienating direct insurers, are now realising that the direct insurers' loss has been, to a large extent, their gain.

This is because captives rarely keep more than 10 per cent of the risk they underwrite. The rest goes to the reinsurers. The captive benefits because in the reinsurance market expenses are low and rates closely related to the loss experience of the parent company. Thus a company with loss experience which is very much better than the average can gain considerably from using a captive, even if it reinsures almost all of the risk.

Reinsurers find that dealing with captives tends to be profitable business, for much the same reason. Unless the parent is prepared to use risk management techniques to reduce losses, there is usually little point in forming a captive. So captives' loss experience tends to be very good and part of the benefit of this superior experience is inevitably passed on to the reinsurer.

Captives have to reinsure a much higher proportion of their risks than most conventional insurance companies. Even the largest captives are small fry in comparison with the major insurance companies which their parents would previously have used to carry their same risks. By their very nature all captives' portfolios are highly unbalanced, since they consist solely of the risks of one particular company. So a typical captive capitalised at, say, $5m needs more reinsurance than an ordinary insurance company of the same size.

Benefit

Reinsurers gain further because in their first few years of operation most captives need protection against an unexpectedly high frequency of losses, as well as against individual catastrophes. This makes it possible to assure the parent company's management that the captive's total losses will not exceed a maximum level agreed in advance. Protection of this kind is provided by aggregate excess of loss reinsurance, which most ordinary insurance companies tend to avoid because it is expensive—and therefore profitable for reinsurers.

An indication of the maximum amount of risk that captives can retain is provided by two recent disasters. In the fire at Ford's parts warehouse in Cologne two years ago, for instance, Ford's captive, Transcon, was the primary insurer responsible for about $200m of the loss. But after reinsurance its net retention was only about $5m. Mobil Oil's captive, Bluefield Insurance, is believed to have paid for about $7m of the $50m worth of oil lost by the Atlantic Empress off Tobago last July.

Bluefield and Transcon are, along with Exxon's Ancon, Gulf Oil's Insco and Oil Insurance Limited, a group captive owned by three other oil companies, by far the largest captives in existence. Most other captives have much lower retentions.

Threats

But captives pose threats as well as opportunities to reinsurers. At a time when the world's reinsurance market is already suffering from excess capacity—and in particular an excess of small reinsurers who place their capacity in the hands of inexperienced underwriters and brokers—the captives are themselves entering the reinsurance business. They are doing this for three reasons.

First, the U.S. Internal Revenue Service (IRS), which has been looking for ways of attacking captives since the 1950s, when the earliest offshore captives were set up in Bermuda, fairly blatantly as tax avoidance vehicles. In 1977 the IRS published a ruling in which it based its opposition to captives on the fact that, unlike true insurance companies, they do not spread risk away from their parents. Premiums to a captive which merely insures its parents risks should be treated as capital contributions to an offshore subsidiary, the IRS argued and should not therefore be tax-deductible. Loss payments from the captive back to the parent should be regarded as dividends or capital repayments.

While this ruling does not have legal authority, last year the first case against a captive, Carnation's Three Flowers Insurance, reached the Tax Court and was decided in the Revenue's favour, partly on the basis of the risk-spreading concept. Although a number of further cases which could reverse the IRS ruling are still pending, many captive managers have decided that the best way of defending their tax privileges is to engage in genuine risk spreading by insuring outside risks. Almost invariably this means selling reinsurance.

The second reason for a captive to look for outside reinsurance business arises after several years of successful operation. Eventually accumulated profits can expand the captive's capital base to the point where its capital is not being fully employed in insuring merely the parent's risks. It has been estimated that in Bermuda alone there is enough insurance capital to support $2bn of insurance premiums. The premiums retained by the world's captives after reinsurance are probably less than a third of this.

Thirdly, captives are sometimes pushed into the outside insurance market because their results convince the parent company's head office that insurance is a highly lucrative business once the cash flow advantages are taken into account. This can be a dangerous line of thinking and several industrial companies which have pushed their captives into expanding too rapidly have had rude shocks after a few years in the open market. The experience of a captive in insuring the highly-protected risks of its own parent, over which it can exercise complete control, is a very poor guide to conditions in the open market.

This year two of the great success stories of the captive movement have suffered setbacks in their open market operations. Bellefonte Insurance, originally set up as a captive by Armco Steel, but now a fully-fledged insurance company with extensive operations in America and in London, has been reined in by its parent, after producing disappointingly high losses for several years. At Insco, the Gulf Oil captive which hired a former deputy chairman of Lloyd's to turn it into a major international insurer, two of the principal underwriters have resigned, after disagreements over a corporate plan.

The difficulty and expense of attracting first-class underwriters to Bermuda, coupled with the serious overcapacity in almost all lines of reinsurers, has made it hard for captives to find high quality reinsurance business on the open market.

But captives intent on doing outside business have a number of easier options than setting themselves up an independent reinsurance companies. One is the "association captive," in which a group of captives arranges to take in each other's risks. This enables them to spread their risks and increase their retentions but still benefit from the favourable loss experience that captives in theory should enjoy.

Another risk-sharing arrangement is the industry captive, which is a single company with a number of shareholders drawn from a particular industry, insuring a type of risk with which they are all familiar. Industry captives, such as Oil Insurance Limited and Nuclear Mutual Insurance, both based in Bermuda, differ from ordinary mutual insurance companies because they remain firmly controlled by their shareholders and new members are admitted only after detailed negotiation. Thirdly, there are numerous pools of captives, organised by captive managers and insurance brokers, to underwrite outside business through representatives in the London market.

The most obvious way for captives to develop outside business is by arranging "reciprocity" with their reinsurers. In exchange for the reinsurance it cedes a captive can demand from the reinsurer a corresponding amount of other business with comparable loss experience. Reinsurers often resist reciprocity with captives, either because they are unsure about the captive's financial stability or on the grounds that reciprocity is usually arranged only on proportional reinsurance treaties, while captives normally require excess of loss reinsurance.

Nevertheless many captive managers feel that captives could exert more pressure on their reinsurers to send them high-quality outside business. Reciprocity enables a captive to take advantage of what should be its superior loss experience in selling reinsurance, as well as in buying it. And since superior loss experience is a captive's most important reason for existence, this is the direction in which the captives are now likely to develop.

Anatole Kaletsky

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REINSURANCE XI

The last two pages of the survey contain articles on some of the main areas of reinsurance development around the world. Besides reviewing London and the Continental centres they look at the market among the emerging nations in the Far East, Middle East and Latin America, and groups forming there.

Far East groups

EXPOSURES TO earthquake and other natural catastrophe risks in several Asian and North Pacific areas are high and must remain a burden on underwriting and government compensation funds in the foreseeable future. But despite an indifferent or poor loss experience in some parts of the region, the general run of Far East property and liability reinsurance seems likely to be profitable, thanks partly to the presence of one or two expanding investment markets.

The Far East and South-East Asian reinsurance markets are now entering a period of intense competition for business between government and inter-governmental bodies and private, mainly joint-venture, reinsurance groups. But the shape and circumstances of the regional markets suggest that, within this framework of competition, there will also be growing collaboration and business exchange between public and private enterprise.

Backed

Interest currently centres on the UN-sponsored Asian Reinsurance Corporation, based in Bangkok and backed so far by eight governments. The AsianRe management is headed by Gregorio Cruz Arnoldo, Philippines insurance commissioner, as chairman; C. N. S. Sbastri, general manager of the nationalised General Insurance Corporation of India, as chief executive; and M. S. Wijenaike, of the newly de-monopolised Insurance Corporation of Sri Lanka, as deputy general manager. These men expect AsianRe to start live treaty business on January 1, 1980.

AsianRe, if it prospers, will necessarily take some years to have any significant influence on the market. Mr. Shastri was quoted as saying recently that he wants to develop a reinsurance premium income of just over US$4m in the first underwriting year.

AsianRe's promoters and management, following the lead of their ultimate sponsors, UNCTAD, are said to hope that the new Corporation will become a model for similar institutions elsewhere in the Third World. The extent to which it will become either an example in this way or commercially competitive (without excessive rate-cutting) of course remains to be tested. But the moment for its launching seems to have been well chosen.

The somewhat variably successful FAIR pool, until now run by the Federation of Afro-Asian Insurance and Reinsurance Companies from Cairo, could experience some disruption following the expulsion of the experienced Egyptian industry from both FAIR and the Arab Insurance Federation at the end of this year. Thirty-five of the 56 FAIR pool members are Asian. Attempts to form an Asian Reinsurance Pool in Manila in the past were not very successful, and another newcomer to the Far East reinsurance scene, the ASEAN countries' pool, at the moment under the management of the independent insurer Indrapura in Jakarta, is apparently in a more formative stage than AsianRe.

The eight founding members of AsianRe are Afghanistan, Bangladesh, China, India, Philippines, South Korea, Sri Lanka and Thailand. Each has subscribed $500,000 to the issued capital and member countries have guaranteed that their national companies will cede to AsianRe a rather modest proportion of their business—a minimum of 5 per cent or $500,000 a year whichever is larger.

It looks as though the success of this blow for Asian reinsurance "freedom" and, theoretically at least, hard currency saving will for some time to come depend substantially on the attitudes of the established markets. The latter are being asked to forego a small but presumably growing part of their annual $100m underwriting and commission profit from the region while still arranging the retrocession of some business to top up the revenues of this and other Asian operations and, as they see it, offering expertise on rating and conditions and training seconded personnel. On the last count, however, AsianRe believes it is self-sufficient and that underwriting and other technical and management skills can be recruited almost entirely within the region.

Setting aside large catastrophe claims, it is estimated that AsianRe and other reinsurers in the region will be operating within a framework of target profitability of more than 20 per cent. By contrast, reinsurance treaties of France and the UK are said to allow for a profit margin of no more than 5 per cent, West Germany 3 per cent and the U.S. 1 per cent.

Potential

The general level of surplus theoretically attainable reflects the active investment market now available, notably in Singapore and Hong Kong, rather than underwriting profit, which tends to be variable; and on the other side high acquisition commissions, particularly in Singapore and the Philippines. But potential for overall surplus of reasonable proportions has lately attracted open market reinsurance organisations to a number of centres in the region.

Starting with the Singapore-owned Singapore Reinsurance Corporation (1973) and Reinsurance Management Corporation of Asia (1974), private enterprise newcomers now include two multi-parent reinsurers in Singapore, one in Hong Kong, and one in Manila, all launched last year or early this. Uiitde Asia Re in Singapore, sponsored by the local Asia Insurance Group and backed by leading insurers or reinsurers from seven other countries; and East Point Re, established in Hong Kong by Jardine Matheson for an international group of shareholders, are both notable for introducing French involvement in the Far East reinsurance scene for the first time other than through agencies. ICS Re bas similarly been sponsored by Reinsurance Management Corporation in Singapore, Insurance Corporation of Singapore and C. T. Bowring of London with leading Japanese, New Zealand and Finnish insurers among others.

In the past an unstable direct market and doubts about security have frustrated the Philippines' aspirations to become a reinsurance centre for South-East Asia. Currently a new attempt is being made under the auspices of commercial brokers. The Philippine International Pool, launched almost two years ago, is managed by a Manila group called HLR Re Brokers which is owned jointly by the local broker Gotuaco del Rosario and the Hong Kong-based holding company of C. E. Heath of the UK, Hudig Langeveldt of the Netherlands and Rollins Burdick Hunter of the U.S.

While the expected China trade and development boom has yet to materialise, several of the new regional reinsurance groups have their eye on reciprocal business with mainland China. The State-owned People's Insurance Company (PIC) has already established exchange arrangements with the American International Group and, particularly for future off-shore oil marine coverage, the Continental Corporation in New York. According to a statement by PIC managing director Ling Cheng-feng earlier this year, treaty relations with more than 600 reinsurers in 100 countries worldwide have also been concluded.

Elsewhere current interest focuses on the future rola in regional reinsurance exchanges of the Japanese companies, the expanding Korean Reinsurance Company, de-nationalised last year, and the Sri Lanka free zone, which offers Bermuda-like offshore reinsurance facilities following the end of 15 years of local state monopoly of insurance and reinsurance.

J. J. Pryor

Hectic pace in London

REINSURANCE CAPACITY in London has grown at a dramatic ratc. In 1970 there were 44 members of the Rcinsurance Offices Association; now there are over 90. Ovar the same period the number of members of Lloyd's, half of whose £2bn premium income ia reinsurance business, has climbed from 6,000 to over 17,000.

There are an estimated 220 companies (of which over 90 are British) actively writing reinsurancc business in London. Included in that figure are a number of underwriting agencies and pools.

Perbaps reflecting tbe hectic growtb of the market and the more competitive conditions, underwriting losses of U.K. reinsurance companies are estimated to have worsened from £2.9m to £8m on marine, non-marine and aviation business between 1970 and 1976.

The growth of capacity has come partly from the development of overseas underwriting agencies and later of branches and subsidiaries by the major direct insurance companies. Their London head office officials usually bad a unique knowledge of insurance practice and conditions throughout the world. As local markets developed, the aame companies, through their old connections, were able to attract reinsurance business to London in place of insurances they previously wrote direct.

London was able to offer a variety of different types of insurers and reinsurers: major tariff and independent companies, the fringe companies, consisting of overseas business through underwriting agencies, branches and subsidiaries or major foreign insurance and reinsurance companies and the unique Lloyd's market with its broker network.

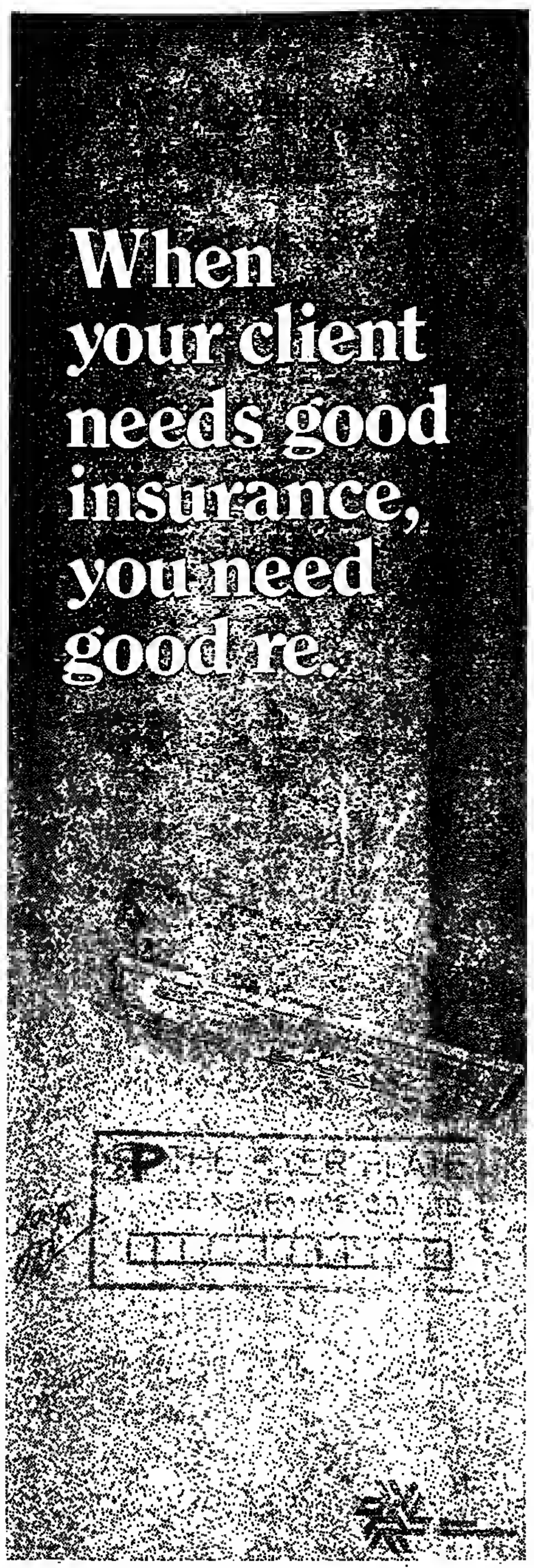
At the time of the reinsurance market's early development in London, the City possessed the advantages of a strong international currency, exchange control regulations favourable to international reinsurance transactions, and the backing of banking and other financial institutions experienced in the conduct of overseas business. There was also considerable freedom from Government interference in the condnct of insurance business, so encouraging flexibility in ratings and wordings of contracts and the establishment in London of foreign companies.

Pickings

The growth of foreign representation in the London market has accelerated in the past few years partly because of the realisation of what an important insurance market it has become. It is after all in geographical terms the nearest European reinsurance centre to the important U.S. market, which produces over balf of the world's insurance premiums. Moreover, the U.S. insurance community, particularly the brokers, have seen tbat there are rich pickings to ba had in London.

The recent move by major U.S. insurance brokers to establish formal links with important Lloyd's brokers was not only formed out of a desire to establish international networks. An important consideration was the large amount of London market exchange business and therefore brokeraga which passed through the Lloyd's hrokers. Financially, the deals for profit pooling arrangements have a lot of appeal for the Americans.

John Moore



Middle East test of nerves

THE MIDDLE East will in the next year or so present professional reinsurers and direct insurers alike with the most severe test of their judgment and nerve since underwriting of large trade and development risks in the region really began to take off after 1973. This applies especially to the region's Arab oil heartland, where writers of both direct and indirect business have had a generally poorer loss experience than many expected in the first five post-oil boom years. But reinsurance professionals with an interest in the area today need to keep a close eye on events and developments in the non-Arab perimeter states, Iran, Israel and Turkey.

The General Arab Insurance Federation (GAIF) was founded in 1964 to create an Arab insurance common market from Morocco in the west to Iraq in the east, within which new underwriting companies—private, national joint-venture or State-owned—could build up capacity for the optimum retention of premium in the region. When ten years later really large construction and transport risks started to come along, GAIF had to accept that a very substantial proportion of large project insurances would have to be effected abroad, either directly through brokers, or through local companies which were set up, sometimes rather hastily, by foreign brokers or insurers, but with a majority shareholding in the hands of local entrepreneurs or public figures, or, more rarely, through existing regional companies with almost 100 per cent reinsurance abroad.

Recognised

GAIF had already recognised, however, that reinsurance had a major role to play within the region itself. Permanent populations are low except in Egypt and outside that country and the Lebanon there was little or no middle-class demand for the "mass" personal insurances which feed the cash flow of general insurers and composite companies elsewhere. If, therefore, new insurers were to gain a share of the larger non-tariff risks that were beginning to emerge, and increase their overall retentions, adequate reinsurance protection had to be provided within an unrestricted Arab market.

For this reason GAIF between 1968 and 1976 promoted the formation of two regional general reinsurance companies and five specialised reinsurance pools—for aviation, engineering, fire, marine hull and marine cargo—managed by existing insurers and reinsurers in various Arab capitals. The aim of these reinsurance capacities of allowing young direct insurers to spread their risks more evenly across the region and to increase their retention capabilities has been to some extent achieved. But the pools have been slow to develop, with too few insurers in too few countries willing to make substantial cessions or accept retrocessions from them. Partly for this reason, however, the five pools have mostly maintained a useful surplus on their small turnovers.

Unfortunately, the failure of regional reinsurance to grow rapidly enough to secure a completely coherent and orderly market in the Arab Middle East is not the only source of imminent problems. For one, a politically inspired break between the Egyptian insurance industry, in many ways the most experienced in the market, and the rest of the Arab insurance community will inevitably produce some disruption. The rift will be complete by the end of the year. Mr. Aziz Sakr, the interim secretary-general and a vice president of GAIF, said during a flying visit to London last month.

Dr. Sakr, who is also chairman of Arab Union Reinsurance in Damascus, one of the GAIF-sponsored companies, made it clear that the break is in line with Arab governments' decision to suspend all trade with Egypt following its signing of a peace treaty with Israel. London underwriters and brokers who conversed with Dr. Sakr believe the split will of itself have little immediate effect on either Egyptian or other Arab direct insurers' outward treaty relations with overseas reinsurers. For its part Egypt is in any case cautiously reopening its local market to domestic and foreign private enterprise in accordance with its new open-door investment policy.

But the Arab-Egyptian differences could produce some reservations abroad about placing inward reinsurance reciprocally in Middle East markets, a development which almost all Arab countries are anxious to foster. GAIF removed the Aviation Reinsurance Pool—the strongest of the five Federation pools—from the management of the Egyptian State-owned Misr company and transferred it to that of the Société Centrale de Réassurance in Casablanca, Morocco. It is also asking Arab insurers and reinsurers to lapse treaties involving Egyptian companies which normally come up for renewal in July, October or January.

Clash

A further unfortunate development has been the recent clash between Arab, particularly Kuwaiti, mercantile interests and Lloyd's and London company underwriters over the effective surcharging of hull cover for ships operating in the Gulf, following American warnings of possible PLO attacks on shipping at the Hormuz Strait entrance. A Gulf States (and possibly Iranian) delegation is due to visit London to try to persuade Lloyd's to reverse its decision.

But according to Iraqi insurance sources the Arabs will in any case contemplate the rapid establishment of a local tanker reinsurance facility for vessels trading in the Gulf and owned by Arab groups or operating under an Arab flag. A wider direct underwriting arrangement for Arab-owned tankers generally, for which a designated Arab direct insurer would obtain reinsurance protection regionally and abroad, has already been proposed for implementation by the end of the year by the Arab Maritime Petroleum Transport Company.

Elsewhere in the region, post-revolutionary Iran has complicated the reinsurance picture by adding nationalisation of underlying direct capacity to existing State control of reinsurance and a compulsory cessions requirement. All that can be said at this stage is that a general declaration by the Iranian central bank at the end of July held out some promise of compensation for the state takeover and settlement of outstanding underwriting balances. In the latter case foreign insurers and reinsurers will presumably find themselves dealing, as before, with the State-owned reinsurance corporation, the Bimeh Iran.

J. J. Pryor

Latin American hopes

GALLOPING INFLATION, large payments deficits, too many private company promotions and low demand for primary insurance combined to force many Latin American governments in the 1950s and '60s to take a tight grip on their domestic markets. This has left the Latin republics with the somewhat dubious reputation of having invented State reinsurance monopolies and the legal requirement that all direct companies cede a substantial proportion of business to the State corporations and none abroad.

In the last year or two several republics have compounded the felony, so far as many underwriters abroad are concerned, by adding reservation of marine import and export cargoes to national flag or other designated vessels and usually attaching to this a requirement that all such cargoes be insured with national companies.

But recent economic developments in Latin America, notably Mexico's oil and Brazil's remarkable expansion, make it impossible for international reinsurers and reinsurance brokers to write off business possibilities in the region.

Besides Brazil and Mexico, international insurance interest currently centres on the Argentine, Venezuela and, for rather different reasons, Panama.

In Brazil, tightening of solvency requirements, government tax incentives for mergers and incidentally the beginning of compulsory fire insurance for most businesses (losses on which wiped out many small insurers) have provided the main driving force towards tidying up an incredibly fragmented direct market during the 70s.

Today, 93 insurers in all branches share a total premium income of some Cr 40bn (about $2.5bn). Ten years ago 190 companies shared Cr 2m. In eight years, according to a report of the semi-state reinsurer Instituto de Resseguros do Brazil, technical reserves of the whole industry rose from the present-day equivalent of less than $45m to more than $850m.

Brazil's international reinsurance account is expanding on the back of greatly improved domestic business. With both the IRB and some of the larger direct groups active in overseas markets, reinsurance outward has increased from only $400,000 in 1970 to $180m last year. But after almost 100 years of overall deficits in the insurance item of the balance of payments, Brazil recorded a net surplus inward last year, as was the case also in 1975 and 1971.

A number of large comprehensive construction insurance packages, with overseas reinsurance protection, have been arranged by the IRB, notably the huge Itaipu River hydro projects, covered in collaboration with insurers in neighbouring Paraguay.

In Mexico, development of oil output will undoubtedly produce a greater demand for the coverage of large property and liability risks, onshore and offshore, than the local industry can absorb, even with the compulsory domestic reinsurance protection now required. Mr. Kurt Vogt, president of the Mexican Insurance Companies Association, believes that risk administration and loss control are now a priority for expanding industrial enterprise in Mexico, whether private or State-owned. Risk management, coupled with adequate insurance protection, should actually increase domestic demand for property and liability covers, he believes.

The apparent lack of coverage for liabilities resulting from the blown-out and still burning Ixtoc I wellhead in the Bay of Campeche presumably showed the Mexican authorities' lack of experience in organising such protection. Already, however, before Ixtoc blew, the State oil corporation, Pemex, was negotiating comprehensive wellhead control loss and liability extensions for its Campeche operations.

In the other major oil State, Venezuela, both direct insurances and re-insurance requirements are likely to continue to increase. Two years ago Venezuela required subsidiaries of foreign direct reinsurance brokers to be transferred entirely to Venezuelan shareholders and last year introduced a tax disincentive to the cession of premium abroad; this levy, however, has now been modified to permit the free exchange of reinsurance between Venezuela and countries of the Andean bloc.

Monopoly

Argentina presents a disappointing prospect with little current news of progress by the insurance industry and some financial civil servants in persuading the government of the advantages of modifying or even ending the 35-year reinsurance monopoly of the Instituto Nacional de Reaseguros, proposed in 1976 by the Finance Minister.

In Panama, slow but steady progress is apparently being made in persuading Latin American and other foreign insurers and intermediaries of the viability of the country's programme under Law 72 of 1976 to offer itself as an international offshore reinsurance centre. Besides a locally managed pool and several Panama-incorporated and managed reinsurers, several foreign re-insurers have established branches in the republic. Approval of the entry of captive management companies into Panama has now been given.

J. J. Pryor

Powerful entrants in Europe

THE PAST year has brought signs of tighter competition in the reinsurance industry at a time when the sums at risk have tended to grow ever larger. But the major European reinsurers remain convinced that business as a whole will continue to expand and that they will maintain their predominance despite some encroachment from new sources of competition.

These new sources are primarily the direct insurers themselves. They are moving into the reinsurance market with increasing vigour, either by way of reinsurance departments within their own corporate structures, by co-operation agreements with other direct insurers, or by setting up their own reinsurance subsidiaries.

Britain's Royal Insurance and Assurance Generale de France are two notable examples of major direct insurance groups with their own reinsurance subsidiaries.

The major reinsurers take this new trend seriously and if it continues, as it seems certain to, it will become a significant challenge to their position in the market.

The reasons behind this trend in Europe are manifold. European direct insurers are now accustomed to a close co-operation on an international scale, and it is a small step from arranging a co-operation agreement with a foreign insurer to arranging to share the major reinsurance risks.

Moreover, the insurers in Europe's "hard currency" areas, among whom the British must now be counted, are anxious to increase their premium income in softer areas. The search for such opportunities has led them inevitably to the reinsurance sector.

But another reason for the trend is of double significance for reinsurers. It is that the direct insurers are now able and willing to reinsure a major portion of their conventional business areas—fire, motor and the like—themselves.

These conventional areas have in the past been good money earners for the reinsurers. It is usually unnecessary for them to worry about the risks being taken on; suffice it that the direct insurer is experienced and has a good record.

Peak

But they are now finding that conventional insurance only comes their way when there *is* a problem—when the claims record is poor or costs are escalating. More and more their business is coming from the peak risk or catastrophe business—the nuclear plants, oil spills, jet aircraft fleets, pharmaceuticals and chemicals.

The first effect of this has been to force the reinsurers deeper into the specialist underwriting fields. The need for the reinsurer to assess these major risks himself has pushed costs higher. Some reinsurers are finding that it is becoming difficult for them to obtain the extra premium which they feel obliged to charge for such underwriting.

This cost pressure is felt all the more at a time when there is an increasing loss of conventional reinsurance to the direct insurers.

The continuing strength of the Deutsche Mark and the Swiss franc, together with the sustained recovery in the pound sterling, provide an embarrassment for the major European reinsurers—although they are quick to deny any knowledge of it. The problem is that by writing reinsurance in weak currency like the lira or the krone and meeting claims later on in strongly appreciating currencies such as the Deutsche Mark, the companies can in theory benefit from the currency movement.

But central banks in Europe, and in particular the Bank of England, will have no truck with insurers who appear to be speculating in currencies.

The reinsurers accept this view with relief because they feel that there are enough risks in their business without adding currency hedging to the list. Thus the attitude of the reinsurance industry remains "match liabilities with assets in each country."

The tightening of competition inside the European reinsurance market has further stimulated moves by the major West German, Swiss and French reinsurers across the Atlantic to the U.S., the world's leading market for insurance. Demand for reinsurance there has been voracious since 1974 and 1975 when the insurance industry's reserves collapsed at a time when there was a dramatic rise in liabilities.

This is changing as the American direct insurance market has pulled itself into better financial shape. Such a change would normally affect reinsurance rates and cause withdrawal of reinsurers from the market. But international reinsurers, having made a commitment to an important market, are not likely to withdraw in a hurry.

Terry Byland

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MINISTERS CONSIDER CIVIL SERVICE CUTS

BY PAUL TAYLOR AND PHILIP BASSETT

A dramatic change in the scope of government

THE FIRST Cabinet decisions on the scale and effects of planned reductions in Civil Service manpower cuts will be taken this week.

Lord Soames, the Lord President of the Council and the Minister in day-to-day charge of the Civil Service Department, is expected to take a package of recommended cuts in Civil Service spending and manpower to the Cabinet following a meeting with Civil Service union leaders today.

His task will be made more difficult by differences between Cabinet Ministers about the level of acceptable cuts in individual departments and perhaps by threats of industrial action by some of the Civil Service unions if the Government refuses to pull back from its plans for reducing public expenditure.

However, by seeking a review of staff costs in individual departments, prepared by senior civil servants and approved by Ministers, and by selecting a range of possible target savings 10, 15 and 20 per cent—the Government has indicated a degree of flexibility in deciding where the axe must fall.

Possibilities

The overriding concern has been to identify the possible areas for cutting expenditure in real terms by 1982, where necessary by reducing Civil Service functions.

Among the conclusions which have emerged from the review two appear to have particular significance.

● Individual Ministers have accepted that the possibility of making savings by "trimming the fat" is limited, as Lord Soames agreed when the review was launched along with a three-month ban on recruitment in June. Instead the review has shown that if the Government is to achieve significant cost savings many of the services provided by the Civil Service to companies and the general public must be trimmed or abolished completely.

● The potential for making savings varies considerably from department to department. Hence, Sir Keith Joseph, Industry Secretary, and Mr. John Nott, Trade Secretary, limited the options in their own departments to 10 and 15 per cent and ruled out the effects of a 20 per cent cut as unacceptable.

It is too early to assess the impact of the three-month recruitment ban which ended last month, although Civil Service Department figures show the total number of civil servants fell from 733,176 on January 1 to 724,000 on July 1.

If as is suggested in Whitehall the amount of "slack" in the Civil Service represented no more than about 3 per cent, then the recruitment ban has probably served simply to absorb the waste. The options exercise, however, has thrown up a wide range of possibilities for reducing civil service functions—and therefore manpower requirements.

For example, 10 per cent cuts at the Department of Trade would involve abolition of the Metrication Board, 24-hour notice instead of on-demand search facilities at the Companies Registration Office and a reduction in export promotion activity.

The activities of the Civil Service are therefore likely to be significantly changed as a result of the implementation of even the lowest range of cuts options.

The indications at this stage are that the Government will accept a flexible approach to individual departments, although senior civil servants are adamant that no department will be spared the spending cuts.

For example, the cuts imposed on the Home Office and the Ministry of Defence are likely to be less severe than those in the Department of the Environment, but they will still be expected to contribute to the overall level of manpower cost reductions — by abolishing or trimming services or by transferring work to the private sector.

The Civil Service Department which was charged with co-ordinating the various options from departments was faced in some instances with delays in providing detailed estimates of the possible effects of the cuts.

The Ministers who have taken a sceptical view of the cuts exercise form the third of three distinct factions within the Cabinet. The other two groups consist of Ministers in favour of heavy cuts in their own departments and those like Sir Keith and Mr. Nott who have already expressed concern about the effects of cuts above 15 per cent.

Cabinet discussions are expected to extend over several meetings before final decisions are made. The Government will wish to reach agreement before the Conservative Party conference next month.

Whatever the outcome of the Cabinet deliberations the level of cuts will be carefully scrutinised by many outside central government. The local authorities in particular, already under instruction from Mr. Michael Heseltine, the Environment Secretary, to cut planned current expenditure by 5 per cent in 1980-81, will want to see whether similar reductions are made in central government expenditure during the same period.

The current annual Civil Service wage and salaries bill is around £3.64bn—this being the figure included in the 1979-80 Civil Estimates and adjusted for the latest round of wage settlements and other factors. It is on this figure that the spending cuts will be made.

Civil Service manpower has fallen slightly during the past two years but since January, 1975 there has been an overall increase of about 30,000 staff. This moderate increase however hides a more significant increase in the number of non-industrial civil servants which increased by 10.7 per cent in the four years to January 1979. During the same period the number of industrial civil servants, almost 95 per cent of whom are employed by the Ministry of Defence, declined by 8.7 per cent to 167,000.

The increase in non-industrial civil servants has been largely in departments like the Department of Health and Social Security and Inland Revenue, where changes in legislation and growing unemployment has resulted in heavier workloads.

The civil service unions have estimated that the cuts could lead to the loss of up to 150,000 jobs if the 20 per cent option were adopted. The Government has made it clear, that even with the relatively high wastage rates in the service—currently about 60,000 a year—cuts of this size could not be achieved without some redundancies.

At their meeting today with Lord Soames union leaders will press for a commitment to "no compulsory redundancies." This is their goal but many union officials believe that the overall size of the cuts finally adopted by the Cabinet is likely to be closer to the 10 per cent rather than 20 per cent option.

They point to the rejection by Sir Keith and Mr. Nott of the highest option, and their claimed success in persuading Sir Geoffrey Howe, Chancellor of the Exchequer, to scale down proposed cuts in the Customs and Excise Department after a week-long work to rule by members of two unions.

With their experience of governments, however, the civil service unions are perhaps more aware than many in the TUC of the Goverment's determination to carry out its electoral mandate.

Some civil service union officials believe, too, that despite the fiery language of other unions last week at Blackpool — when the TUC unanimously approved a motion opposing the cuts, and suggesting such steps as a national day of action against them — that the civil service unions might find themselves alone in the front line in a fight with the Government.

The staff side of the Civil Service National Whitley Council, the unions' co-ordinating body, has already agreed a "minimum code" of action against the cuts, including a ban on additional overtime and on covering for unfilled posts, and blacking any work given to outside clerical agencies.

The two largest unions, the Civil and Public Services Association and the Society of Civil and Public Servants, which said last week that they are prepared to take stronger action against the Government's economic policies, pose the most serious challenge to the cuts.

Disruption

Both have pursued a vigorous policy of industrial action this year, through six months of official disputes, which have included serious disruption of government and business cash flow, halting the issue of all computer-processed telephone bills for five months and impeding work in London magistrates' courts. They are now confident of their industrial muscle and the power given to them by the centralisation of Civil Service work and its increasing dependence on computers.

As part of the exercise of preparing their members and of trying to win the public over to what many union officials admit is an unpopular cause, the two unions are mounting a detailed attack on the Government's proposals for cutting back on central government.

Some officials believe that the spate of action this year might well have exhausted some of their members' readiness to fight—particularly those in the key computer areas whose effectiveness is greatest—and that getting members to act over staff cuts might well be more difficult than getting them out over pay.

Face to face: Mr. Gerry Gillman, general secretary of the SCPS, Lord Soames, the Lord President, and Mr. Ken Thomas, general secretary of the CPSA.

Letters to the Editor

Trade union behaviour

From Mr. D. M. Attwood

Sir,—The mention of Mr. Ernest Bevin in Mr. Christian Tyler's interesting article yesterday (September 3) prompts me to suggest that Mr. Moss Evans and his fellow union leaders and, for that matter, union officials at all levels, might benefit from reading some of Mr. Bevin's recommendations about Trade Union behaviour at a time when he was building up the TGWU earlier this century.

I quote just three of his comments from "The Life and Times of Ernest Bevin" by Alan Bullock, Vol. I (Heinemann):

1. "A movement is already afoot to employ the strike weapon for political purposes . . . It it both unwise and undemocratic, because we fail to get a majority at the polls, to turn around and demand that we should substitute industrial action." (Labour Party Conference, June 1909.)
2. "We say, if we are going to call upon the Trade Union movement to strike, then the people who have to take the strike action and be responsible for it should decide; it should not be foisted on us by irresponsible people. . . ." (Also stated at the 1909 Conference.)
3. "There are between two and three hundred agreements—286 to be exact—held by this union. If the policy to be adopted now is that agreements can be made one day and broken the next—well, do it with your eyes open, but trade unionism is finished as an organised body for dealing with wages and conditions." (Union Conference, July, 1923).

D. M. Attwood.
Old Cottage, Shoreham, Sevenoaks, Kent.

Recovered revenue

From the Deputy Chairman, Inland Revenue.

Sir, — Mr. Logdon (letters, September 5) gives four reasons why he thinks the Inland Revenue "cook figures to suit themselves." He admits that he does not know whether his allegations are true, but this does not stop him from drawing the wrong conclusions.

Of course some of the increased yields from investigation work, perhaps 10 per cent, are due to inflation. The other three "reasons" in Mr. Logdon's letter are quite untrue.

A. H. Dalton.
The Board Room, Inland Revenue, New Wing, Somerset House, WC2.

Withdrawal symptoms

From Mr. John C. Sawtell.

Sir,—In view of the anguish caused by the continued and prolonged deprivation of the independent television service perhaps consideration should be given to its production elsewhere for relay into the British transmission system. While such an idea would presumably be, at least, technically feasible it might point to a further advantage of satellite distribution of television channels.

John C. Sawtell,
Hope Cottage, Station Road, Holt, Wiltshire.

Cost of the EEC

From Lord Bruce of Donington

Sir,—I trust I may be forgiven for raising an eyebrow when, on reading your report (September 5) on the EEC Commission's acceptance of the fact "that Britain is paying too big a share of the EEC Budget," I lighted on the further observation that "This marks a big step forward for the UK in its long fight to reduce its share of net budget contributions."

What "long fight?"

Until comparitively recently there has been but little disposition within "the establishment," including of course the media, to do very much more than acknowledge the existence of Britain's ever increasing net contribution to Community funds. Indeed as recently as May last Government Ministers were expressing "astonishment" at the size of the deficit which has been clearly stated in Government Estimates of National Expenditure since early 1977 and which have been repeatedly raised by me in both the European Parliament and Westminster since 1976. Since however the utterance of such statements was reckoned to be in rather bad *anti-communitaire* taste, they were accorded no space and received reluctant attention only when the increasingly incisive papers put forward by Mr. Wynne Godley and his Cambridge associates could no longer be decently excluded from public discussion.

However, since the matter is at last out in the open, I must cavil no further. May I therefore suggest that urgent political and economic steps have to be taken in order either that Britain's continued membership of the EEC is turned into a viable and sensible course of action or that we re-align our international agreements on more traditional lines outside the Community.

With our Public Sector Borrowing Requirements inflated by the £1,000m net out of the pockets of the British taxpayer and with the current visible trade deficit with the rest of the Community running at an annual rate of £3,000m this is no longer a matter of academic interest but of national economic survival in any form consistent with the maintenance of a social and political cohesion fundamental to a democracy already under some strain.

Bruce of Donington,
24-27 Thayer Street, W.1.

Death of unit trusts

From Mr. J. P. Pickering

Sir,—As a small saver I would like to answer Tim Dickson's query Are Unit Trusts Dying? (September 1). I believe that Unit Trusts will indeed die insofar as the small saver is concerned. One of the chief reasons for this is the sheer number of Unit Trusts available. It is virtually impossible for the spare time investor to make a choice from their number. A very cursory investigation shows that many of the Trusts offer Units which contain practically the same mix as other Trusts. How does one choose and in any case how does the small saver find the time to make a choice? There are but few Trusts which make the choice easy by reference to their titles.

Another factor which acts against the *interests* of the investor is the statement made by most Trusts hat an investment should be a long-term one. I can only recollect one Trust Manager suggesting that it is wise to sell when one sees a profit that was: Mr. Potts of Chieftain Trusts. An investor who follows the advice of most managers will find that the value of *his* holdings goes up and down with the F.T. Index; he misses a profit and may sustain a loss even after holding on for years.

The last and perhaps most important fault of Unit Trusts is the fact that whereas the Saturday reader, who forms the majority of small investors, have no way of seeing from week to week how *his* investment is moving throughout a year, the larger independent investor can read from day to day how his shares are moving from the High and Low figures for the current year as quoted daily in the F.T. The small investor needs a bit of fun from his investment as well as, hopefully, a profit. The quotations in the F.T. never show Highs and Lows for Unit Trusts and the investor must constantly bear in mind what he paid for his Units and this is very difficult for a mere amateur especially if he has an interest in two or more Trusts and especially if as is often the case he is not so young as he was.

J. P. Pickering
Orchard Place, Hexham, Northumberland.

Business education

From Mr. D. J. Spurrell.

Sir,—In your leader of September 4, "making cuts constructive," you refer to "the curriculum in many polytechnics . . . seems better calculated to support the ambitions of staff to write learned papers and win promotion . . ." and opine that "Britain is . . . long on economic theory and short on business education."

As a relative newcomer to business education after a number of years in industry, may I comment on my first impressions. This department of this polytechnic has offered a degree course in Business Studies for about 15 years, having been among the first in the country. *During this time* we have developed close relationships with many industrial and commercial companies — the degree is of the sandwich type — and this in turn has influenced the style and content of teaching. In this way the staff and the course content have been developed so that the curriculum and the experiences offered to the students is ever relevant to changing business needs; this development is continuing. Some evidence of this is seen in the ready acceptance of our students, their subsequent progress; and in that, as far as the staff are aware none have been unemployed or unplaced. Furthermore the staff have made their contribution through papers, books, and further research for higher degrees.

I support your call for a radical debate on education at all levels but would make two points — fundamental I believe. Firstly due recognition must be given to those areas where there is good and welecome development. Secondly, and more importantly, we as a society must be clear, and arrive at a concensus, about the objectives we wish to see for the education service. This is going to be more difficult, but is essential if policy making is to be constructive and consistent, and a proper balance maintained.

D. J. Spurrell,
Head of Business Studies Department,
Lancaster Polytechnic,
Priory Street, Coventry.

In defence of quangos

From the Deputy Chairman, Turner and Newall

Sir,—I differ strongly from the last paragraph of your leader (August 29) on the quangos, in which you question the value of the *industry sector* working parties set up under NEDO auspices. It is easy to deride these as talking shops, but their importance surely is that they are in fact virtually the only forum in which representatives of the relevant government departments, trades unions and management are able to discuss in amity the fundamental problems of particular industries. Some are attempting to go much further than this. For example, the Plastics Processing Sector Working Party, of which I am chairman, is involving the *whole* of its industry in a determined effort across a wide band of over 4,000 companies, three-quarters of them quite small. We have organised a series of seminars and are working together with the industry to encourage it to help break down consumer resistance to the use of plastics, to boost exports and to improve productivity.

It is the SWP's tripartite nature and consensus which gives our approach acceptability and authority in the field. There is no alternative body and to tackle our industry's problems together something very like the SWP would have to be formed anyway.

In our sector we have resisted "detailed research" into what is *sometimes* the obvious, preferring to meet members of the industry in person and discuss their problems face to face. Hence our seminars, which have been hosted either by companies or by trades unions, at no expense to Government.

S. Gibbs.
20, St. Mary's Parsonage, Manchester.

Registration numbers

From Mr. A. Pollock

Sir,—In a few years' time the current combination of motor vehicle registration numbers will have reached the end of its alphabetic sequence and, presumably, the Department of the Environment will have to devise another series of characters by which vehicular ownership can be established.

Has a new arrangement of letters and numbers been determined yet?

Could not a case be made for introducing an alternative means of identification or, at least, one that transcends the limitations imposed by the periodic juggling with the 20 or so usable letters of the alphabet and numbers up to 999!

A. Pollock.
11, Deanhill Road, SW14

Today's Events

GENERAL

UK: Zimbabwe Rhodesia constitutional talks continue, Lancaster House, London.

Sir Geoffrey Howe, Chancellor of the Exchequer, speaks at American Chamber of Commerce luncheon, London Hilton.

Sir John Methven, director general, Confederation of British Industry, addresses CBI luncheon, Central Hotel, Glasgow.

Union leaders in talks on Civil Service manpower levels with Lord Soames, Lord President of the Council.

Second day of engineering workers' national strike.

Civil Aviation Authority preliminary hearings begin at Connaught Rooms, WC2, on applications for renewal of licence for helicopter flights between Heathrow and Gatwick.

British Institute of Management annual report.

Marks and Spencer begins four-month programme of price cuts worth about £11m.

Pharmaceutical Society conference, Exeter University.

Sir Kenneth Cork, Lord Mayor of London, attends meeting of Committee to Review Functioning of Financial Institutions at the Guildhall.

Overseas: European Economic Community Foreign Ministers' Conference, Dublin Castle.

Second day of Bank of International Settlements meeting, Basle.

Mr. Husny Mubarek, Egyptian Vice-President, continues talks in Washington.

Mr. Moshe Dayan, Israeli Foreign Minister, continues discussions in Bonn.

OFFICIAL STATISTICS

Central Government transactions (including borrowing requirement) (August).

COMPANY RESULTS

Final dividends: Herrburger Brooks. Staffordshire Potteries (Holdings). Stewart Plastics. Interim dividends: Bowater Corporation. Cosalt. S. W. Farmer Group. Home Charm. L.K. Industrial Investments. Lyon and Lyon. Magnolia Group (Mouldings). Ofrex Group. Pentos. Reckitt and Colman. Standard Chartered Bank.

COMPANY MEETINGS

Associated Leisure, The Dorchester, Park Lane, W, 12. Equity Consort Investment Trust, New Court, St. Swithin's Lane, EC, 2.45. Harold Ingram, 27, Newman Street, W, 11.30.

Home Charm 41% up and forecasting record

REPORTING A 41 per cent jump in first-half taxable profit Home Charm forecasts a fulltime record for 1979. Despite adverse weather the wallpapers, paints and kitchen and bathroom units group expanded profit for the six months from £825,291 to £1.16m on sales 38 per cent better at £19.32m.

Sales have remained at a satisfactory level in the second half. For 1978 profit was raised from £1.32m to a record £2.11m.

Stated earnings per 10p share for the half year were 1p higher at 3.6p and the net interim dividend is effectively increased to 0.7p (0.44p). After waivers on 4.23m (5.46m) shares, the cost of the distribution is £66,385 (£37,830). Last time an adjusted total of 1.429p was paid.

Tax for the six months took £449,959 (£462,560) leaving the net balance at £511,181 (£362,731). As already announced tax for the full year will be adjusted in accordance with SSAP 15 on deferred tax.

During the first half total selling area of the group was raised by 59,000 sq ft to 667,000 sq ft with the opening of 10 new stores and closure of four smaller units. Since halftime two more stores have opened and seven more are planned to open before year end, to bring total space to 800,000 sq ft.

● **comment**

It is difficult to assess how much of Home Charm's lost sales during the winter-bound first quarter was made up in the second three months but the first half results represent a creditable performance. Profits are 40 per cent higher while sales, stripping out new openings, jumped by a fifth. Against the background of buoyant demand for D-I-Y products, Home Charm is pushing ahead with its policy of new openings. So far this year more than 10 per cent extra sales space has been brought on stream and the plan is to accelerate this later in the year. Also, the company is expanding sales of its own brand products (17 per cent of group turnover last year), on which it can earn a higher margin. However, with high development costs, it is unlikely that the group will be able to match 1978's 60 per cent profits rise in the current year. Around £2.8m looks possible—a rise of a third. At this level the shares, which have almost doubled in the current year to 126p, are on a prospective fully-taxed p/e of 13, a rating which is beginning to look on the high side. Taking a line through the interim dividend payment, the prospective yield is a mere 2.6 per cent.

Huntleigh falls by £170,000

AS FORESHADOWED in its last annual report 1979 first half performance at Huntleigh Group was undermined by losses at Setpoint. As a result taxable profit by the engineering and electronics concern dipped from £503,000 to £330,000 for the six months on sales up £0.8m at £4.9m.

In his 1978 review the chairman, Sir Joseph Hunt, warned that the investment programme at Setpoint, which is involved in the production of industrial weighing systems, would continue to be a drain on group funds and profitability during the build-up of business.

This subsidiary is expected to improve its position in the second half, but the current disruption in the engineering industry will hit the year's results at the Hymatic Engineering companies and group cash flow.

At half-time all other group companies were performing well and, overall, were ahead of budget. The directors say that Micro Image Technology, the outstanding 34 per cent of which was acquired in October, is doing exceptionally well and orders promise an outcome in excess of budget.

Also the order position at Hymatic Engineering Company is particularly strong and a custom built factory is to be bought to meet its expansion. This new factory should be available at the end of 1980 and satisfactory medium term loan finance has been arranged, the company states.

Tax for the half year was down at £106,000, against £186,000, leaving earnings per 10p share lower at 1.9p (2.8p). The net interim is effectively raised to 0.58p (0.37p) and the directors propose to review dividend policy at year end in the light of the removal of restrictions. Last time a total of 0.76p was paid from £0.95m record profit.

With the interim costing £69,000 (£42,000) retained profit emerged at £155,000 (£275,000). Asset value per share at halftime stood at 29.6p compared with 28.3p at December 31.

Elbar Ind. outlook worsens

Although turnover was better at £31m compared with £26.58m, pre-tax profits of Elbar Industrial dropped from £1,086,217 to £901,022 for the first six months of 1979. Interest charge rose from £246,400 to £381,925.

The directors warn that the outlook for the full year looks less promising than at the time of the annual report in May.

They then reported that the company had suffered a difficult start to 1979. Problems caused by the Ford strike had not been fully overcome by the end of March and were compounded by bad weather.

After tax of £468,360 (£564,833) half-yearly earnings per 50p share slipped from 15.97p to 13.25p. The net interim dividend is kept at 4p—last year's final was 6p on £2.2m pre-tax profit.

HIGHLIGHTS

Imperial Group's lengthy search for a U.S. acquisition has resulted in a $630m offer for Howard Johnson, and the Lex column assesses the strategy underlying the bid. At home BL has come up with plans to cope with the squeeze exerted by the strength of sterling and the deteriorating outlook for world trade. Elsewhere, Lex also looks at the recent economic trends indicated by the wholesale prices and retail sales figures for August. Elsewhere, Home Charm comes up with some reasonably impressive figures and Carlton reports half-time results. Comments are also made on Metal Closures, Revertex, Esperanza and Beatson Clark. There was also news yesterday that Harrisons Crosfield may make a bid for Parker Timber.

Carlton Inds. tops £7.8m midterm

WITH A £5.09m trading contribution from lead acid batteries taxable profit of Carlton Industries amounted to £7.85m for the first half of 1979, compared with some £7.25m for the previous six months.

No midyear results were published last time because of a change of year-end following 51.9 per cent control of the company being acquired by Hawker Siddeley in June 1978.

Sales for the six months to June 30, 1979, totalled £54.25m, comprising £39.39m from the battery side, £11.43m from whisky and £3.43m from other activities.

Stated earnings per 25p share were 22.4p, compared with 35.2p for the previous nine months, and the net interim divided is 4p. For the 1978 period a total of 5.5p was paid from £10.65m profit.

Trading profit on whisky was £1.85m and other activities, including interest and overheads, produced a deficit of £185,000. The share of the associate Comben Group matched the nine month figure at £1.1m.

After tax of £1.57m and £356,000 going to minority interests the halftime attributable surplus was £5.93m of which £4.85m was retained.

● **comment**

There are no direct comparisons with the latest interim profits from Carlton Industries although the group calculates that it made roughly £6.4m pre-tax in the first half of 1978. What is certain is that while Invergordon's margins were broadly maintained, the return on sales in the lead acid battery division fell by 3.8 per cent. Crompton Batteries, however, made no earnings contribution once again nor did KW Batteries, the Chicago manufacturer acquired last January. These new subsidiaries turn over £10m and $10m respectively on an annual basis and Carlton is now looking for a positive contribution from each in its second half. Haddon-Oldham and Tungstone achieve a near 50 per cent return on capital and it will take some time before Crompton and KW are sufficiently modernised to reach that level of profitability. Carlton would not quibble with industry forecasts of 4-5 per cent decline in the total automotive market this year but claims strong demand for standby and motive power batteries which are probably worth some two-thirds of the battery division's trading profit. With, perhaps, £3.9m this year from Invergordon and another rise in associate income from Comben, the group should be capable of around £16m pre-tax where the prospective p/e would be 10.5 at 280p. A total dividend of, say, 7p net per share indicates a yield of 3.6 per cent.

Metal Closures rises to £2.78m for first half

WITH TURNOVER ahead at £29.88m, against £27.44m, Metal Closures Group expanded pre-tax profits from £2.47m to £2.78m for the first half of 1979. In the last full year, a record £5.81m was achieved.

Mr. John Boden, the chairman, states that a continuation of the half-year trend for the remainder of the year could have been predicted, were it not for the uncertain economic outlook and the present damaging national engineering strike.

Earnings per 25p share rose from 5.46p to 6.14p. The net interim dividend is lifted to 2.2p (1.9p), but the chairman points out that this payment should not be taken as a precedent for the full year—last year's total was 4.7052p.

Profits attributable to ordinary holders for the period were up from £1.1m to £1.24m, after tax of £1.45m (£1.28m), minorities of £93,000 (£79,000) and preference dividend. The retained balance emerged at £793,000 compared with £717,000.

The group is concerned mainly in the manufacture and sale of metal and plastic products principally for packaging.

● **comment**

If Metal Closures achieves no more than maintained profits this year, a prospective p/e of just under 10 would indicate that the shares might have further to go after a 3p rise yesterday to 128p. But the severity of the current engineering strike makes a nonsense of any attempts at a forecast. All that the group can reasonably say at this point is that demand in July and August was moderate, although these two months are never particularly good. First half profits grew by 13 per cent, accompanied by a small improvement in margins to 9.3 per cent, despite a bitter inter-union dispute at Port Talbot in the early part of the year which clipped profits by well over £250,000. The effect of a consumer spending decline this autumn on 1979 profits would be mitigated by a two-month lead time but as the engineering sector is only too aware, supply is much more of a problem than demand. Shareholders can take some consolation in the group's determination to lift, if at all possible, the distribution base and an historic yield of 5.3 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
F. Austin	0.6	—	0.45	0.78	0.61
Barton and Sons ...int.	1.4	Nov. 9	0.92*	—	2.56*
Beatson Clark ...int.	3†	Dec. 3	2.5	—	7
Cantors	1.48	—	1.3*	2.3	2.06*
Carlton Inds. ...int.	4	Nov 5	2‡	—	5.5‡
EIS ...int.	1.07	Dec. 31	1.07	—	3.29
Elbar Industrial ...int.	4	Nov. 2	4	—	10
Esperanza	4.2	Oct. 29	3.64	6.4	5.64
Glenderon Inv.	1.35	Nov. 7	1.1	2.1	1.85
Home Charm ...int.	0.7	Oct. 29	0.44*	—	1.43*
Huntleigh ...int.	0.58	Oct. 30	0.37	—	0.76
Metal Closures ...int.	2.2	Nov. 5	1.9	—	4.71
Pentland Inds. ...int.	0.27	Nov. 1	0.24	—	0.64§
Revertex Chems. ...int.	1.17	Nov. 12	1.17	—	3.44

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 9 months. § Includes additional 0.0275p for 1978 to be paid with interim.

Cantors turns in £644,000

PRE-TAX profits of Cantors fell from £389,000 to £303,000 in the second six months ended April 28, 1979, but the retailer of general house furnishings, carpets and bedding, finished the year ahead at £644,000 compared with £520,000.

	1978-79 £000	1977-78 £000
Turnover	18,336	16,212
Trading profit	1,890	1,459
Directors emoluments	90	84
Staff pensions etc.	238	234
Bank & other int.	196	178
Auditors remuneration	12	10
Depreciation	304	292
Operating profit	1,010	661
Deferred profit provision	366	141
Profit before tax	644	520
Taxation	52	51
Net profit	592	469
Extraordinary credits	313	46
Available	905	515
Pref. dividend	5	5
Ord. dividend	121	104
Making	779	406
Total retained	3,395	2,740

*Along SSAP 15 lines. Charge represents ACT on dividends paid and payable. †Amended by £123,750 in respect of amount capitalised for 1-for-10 scrip issue made in November, 1978. ‡After waivers of £36,000 (same) by directors and their families.

Turnover for the year improved from £16.21m to £18.34m and operating profits reached £1.01m against £661,000. The pre-tax result however, was struck after an increased provision of £366,000 (£141,000) for deferred profit.

After tax of £52,000 (£51,000) and extraordinary credits up from £46,000 to £313,000, available profits were £390,000 higher at £905,000.

The extraordinary items relate to special freehold property disposals; no provision has been made for any potential tax liability on the gains as it is intended to reinvest the proceeds in similar assets.

Stated earnings per 20p share rose from 6.81p to 8.63p, while a net final dividend of 1.475p effectively lifts the total payout from 2.0556p to 2.3p.

Euronics distribution

Preferential creditors of Euronics, which has been in liquidation for six years, should receive a dividend of approximately 33p in the pound within the next six weeks.

In his report, Mr. J. D. Home, the official liquidator, says that he has now completed realising the assets and the accounts for the year to June have been audited. The creditors' meeting will be held on September 24. Secured and ordinary creditors are unlikely to receive any dividend.

Esperanza improves to £3.85m

FOLLOWING the midway increase from £1.67m to £1.74m, profits before tax of Esperanza improved from £3.03m to £3.85m in the year ended March 31, 1979. Turnover and fee income was higher at £43.21m against £38.36m.

The level of trading profit in the first few months of the current year indicates further improvement compared with the same period last year, the directors say.

Earnings per 12½p share are stated as 14.3p against 12p and the final dividend is raised from 3.642p to 4.2p making a total of 6.4p against 5.642p.

● **comment**

The figures from Esperanza are quite respectable in the light of difficult trading conditions and the strength of sterling. Pre-tax earnings are up by more than a quarter on 12.6 per cent higher turnover. This can be traced to a turnround in the group's Cypriot copper profits and claimed tighter management control among the various group companies. But the copper mine is being closed down and with over 75 per cent of group profits in overseas currencies, Esperanza cannot be too sanguine about its final performance for the current year. The Board has raised the total dividend by 13.4 per cent this year, hardly a major increase but in line with company policy, and yielding 8.8 per cent at 107p, up 7p yesterday. This is covered just over twice. The stated p/e stands at 7.2, which is not very enticing.

Hill Samuel

A further offer of units in the Hill Samuel Agricultural Property Unit Trust is being made on October 1. The issue price is £1.816 per unit, giving an estimated initial yield of 3.2 per cent.

This fund enables pension funds and charities to invest directly in agricultural land without forfeiting their tax exempt status. It is the largest agricultural fund available to pension funds, with a value over £26m. At end March, there were 124 unitholders.

The managers state that farm rents are rising and the price of better land continues to edge upward, although at a slackening pace. The fund had purchased three more farms in the last six months, all being farmed in partnership with individual local farmers.

A new offer of units is also being made on the same date in the Hill Samuel Property Unit Trust at a price of 147.5p per unit. This price is a new high for the fund, and gives an estimated yield of 5.4 per cent. The trust is valued at over £65m with the portfolio being split, 48 per cent offices, 29 per cent shops and 22 per cent industrials.

The managers point out that there are substantial reversions due in 1980, so that the estimated yield is conservative. The managers have always pursued a policy of being fully invested and uninvested cash forms only 3 per cent of the fund. Recent purchases include warehouses in the Midlands and East Anglia and an office development in Kent.

مكتب الاهرام

Beatson Clark slides to £0.8m in first half year

MAINTAINED FIRST half sales of £10.46m against £10.25m are reported by Beatson, Clark and Company, the glass container manufacturer, but pre-tax profits are nearly halved to £780,000 compared with £1.45m in the same period last year.

The directors blame transport difficulties earlier this year, an unexpected fall in UK demand for pharmaceutical bottles and a rapid escalation in fuel prices.

In view of a lower than expected level of sales and a substantial increase in fuel charges, the Board expects results for the second half to be comparable with those for the first six months.

The interim dividend is stepped up from 2.5p to 3p on capital increased by February's rights issue and it is still the Board's intention to recommend a total of 8.4p for the year. The total last year was 7p from pre-tax profits of £2.38m.

Looking to the rest of 1979, the directors say they are seeking some improvement in demand and are obtaining additional business. In keeping with the undertaking last year, prices will be held until October 1 when they will be increased by an average of 15 per cent.

The first half profit is after depreciation, £768,000 (£673,000) interest £122,000 (£48,000) and includes £79,000 against £140,000 provision in respect of stock inflation.

There is a tax credit of £185,000 (£238,000 charge) with earnings per share stated as 20p against 27p.

	First half 1979	1978
	£000	£000
Home sales	7,831	7,672
Export	2,630	2,578
Total sales	10,461	10,250
Trading profit	1,670	2,171
Depreciation	768	673
Net bank interest	122	48
Profit before tax	780	1,450
Tax credit	185*	238
Net profit	965	1,212
Dividend	170	108
Increase in res.	795	1,104

* Charge.

● **comment**

Beatson Clark has done worse than expected with a 46.2 per cent drop in pre-tax earnings on turnover only marginally higher. The group has suffered a fall-off in demand for its pharmaceutical bottles; these account for an important share of group sales (over 50 per cent). Transport strike problems and higher fuel prices also contributed to the lack-lustre showing. To be fair, it should be noted that United Glass experienced an almost identical percentage decline in earnings this year, reflecting the sad shape of the glass container business. But Beatson Clark has been busy with a programme of capital improvements designed to increase productive capacity; it raised £2.5m for this purpose in a rights issue last May. Even though the group has predicted a drop in year-end profits to about £1.5m before tax, it has increased the interim dividend by 20 per cent and says it will pay a total of 8.4p, yielding a prospective 6.5 per cent at 189p a share, down 1p. The prospective p/e stands at 4.6, no cause for great excitement.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Bowater, Cosalt, S. W. Farmer, L. K. Industrial, Lyon and Lyon, Magnolia (Mouldings), Ofrex, Pentos, Reckitt and Colman.

Finals—Amber Day, Harburger Brooks, Staffordshire Properties, Stewart Plastics.

FUTURE DATES

Interims:—

Aurora Holdings	Sep. 18
Breedon Cloud Hill Lime Works	Sep. 14
Brooks Watson	Sep. 13
Corinthian Holdings	Sep. 18
Cory (Horace)	Sep. 17
Expanded Metal	Sep. 12
Friedland Doggart	Sep. 13
Grattan Warehouses	Oct. 16
Inveresk	Sep. 18
Perry (Harold)	Sep. 20
Ransomes, Sims and Jefferies	Sep. 17
Rio Tinto-Zinc	Sep. 15
Rosedimond Invest. Trust	†Sep. 18
Schroders	Sep. 13
Sunlight Services Group	Sep. 25
United Newspapers	Sep. 25

Finals:—

Capseals	Oct. 4
Cope Allman	Oct. 4
Sandhurst Marketing	Sep. 19
Scholes (George H.)	Sep. 18
Second City Properties	Sep. 13
Sterling Credit	Sep. 14
Tor Investment Trust	Sep. 14

† Amended.

Pentland up 23% at midway

WITHOUT THE benefit, this time, of Unican Foods, Pentland Industries lifted first half 1979 taxable profits by 23 per cent from £261,000 to £322,000. The company says it is confident of a further strengthening of its position in the current year.

For 1978 profit was a record £0.8m. Unican was sold to Robertson Foods for £1m in December.

Halftime sales by the group, which has interests in general trading, services and broking activities, were ahead from £9.14m to £12.98m.

The net interim dividend is stepped up to 0.271p (0.236p)—a rise of 15 per cent, and will be paid together with an additional 0.0275p for last year following the change in the rate of ACT.

The ultimate holding company of Pentland is Robert Stephen Holdings.

	Half-year 1979	1978
	£000	£000
Turnover	12,982	9,140
Pre-tax profit	322	261
Tax	42	68
Net profit	280	193
To minorities	4	27
Extraord. gain	—	13
Available	284	179
Dividends	31	25
Retained	253	154

Revertex down 29% midyear

SALES OF Revertex Chemicals rose 10.7 per cent to £35.14m in the first six months of 1979, against £31.73m, but profits before tax showed a fall of 29 per cent from £1.81m to £1.28m.

Although at this stage, the year's outcome is difficult to predict, the directors have decided to maintain the interim dividend at 1.17p. Last year's total was 3.44p from pre-tax profits of £2.53m.

The reduced profits were due mainly to strikes, picketing and bad weather early in the year, higher interest charges and continuing losses from Revertex Acoustic Products.

The directors say the group will be strengthened by the ending of the Revertex Acoustic losses and the cash generated by its sale (already reported), but the extent of that improvement is bound to be influenced by the strengths—or weaknesses—of the UK economy this autumn.

Despite problems of rapidly increasing petrochemical raw material prices, the group has had reasonable success in maintaining margins, although in this respect the Harlow Chemical Company has had a difficult start to the year.

Part of this was due to the costs of the new factory which, however, is operating efficiently with improving volumes, the directors say.

Prodorite has shown further progress in its contracting and materials divisions, but action taken in the plastics division has not yet been reflected in the results.

	Six months 1979	1978
	£000	£000
Turnover	35,140	31,[illegible]
Trading profit	1,456	1,719
Associates profits	305	458
Interest	482	352
Profit before tax	1,279	1,8[illegible]
Tax	680	869
Net profit	599	9[illegible]
Minorities	310	312
Attributable	289	[illegible]
Extraord. debit	108	[illegible]
Interim dividends	167	167
Retained	14	457

* Credit.

● **comment**

Although Revertex is reluctant to assess prospects for the second half, the market was pleased with the decision to hold the interim dividend given the near £1m extraordinary write-off resulting from the sale of the loss-making noise control company. Clearly, with Revertex Acoustic Products out of the way, the worst is over, and there is every chance of a recovery to the 1978 profit level of £2.5m in the current year. Sales to the paper industry are looking promising, while the demand for paint resins is being supported by a buoyant D-I-Y sector. Elsewhere, sales to the textile industry (around 40 per cent of profits) are holding their own although Europe is a weak spot because of cheap imports from the U.S. This is also beginning to affect the home market, especially in the carpets sector. The other worry is the sharp rise in interest charges but borrowings should ease back now that raw material prices, especially petro-chemicals, have stabilised. Also, the sale proceeds of RAP will help. At 45p, the fully-taxed prospective p/e is roughly 8.6 while the yield is a solid 11 per cent, assuming a similar payout to the previous year.

Good start by Henderson-Kenton

Sales volume showed an increase over last year, Mr. David Hyman, chairman of Henderson-Kenton, the retail furnishing group, said at the annual meeting. He remained confident that the group would continue to do well.

Referring to the group's properties, Mr. Hyman emphasised to shareholders that the directors' valuation taking into account many valuable freeholds, was far in excess of book values.

When this increased valuation, together with the unrealised profit reserve, was added to shareholders' funds, group net assets were over 250p per share, the chairman said.

Companies and Markets

MINING NEWS

Prieska trebles profit but keeps cool

BY KENNETH MARSTON, MINING EDITOR

AFTER A turbulent short career which began with its first production in 1972, the South African Prieska copper-zinc mine in the Anglo Transvaal Consolidated group cast aside the cares of low metal prices in the year to June 30.

Thanks to an average copper price received of £834 per tonne, compared with only £668 in the previous financial year, and a zinc price of $723 against $604, profits have soared to a high of R16.8m (£10m) against only R6m in 1977-78.

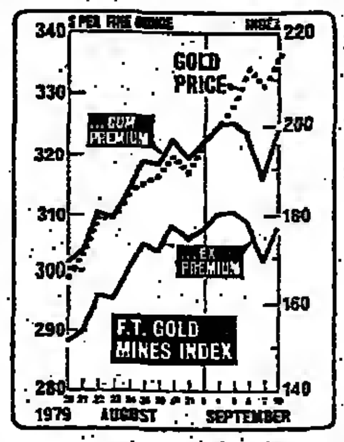
But with a touch of caution, no doubt engendered by the mine's previous hard times when finances were severely strained and loan instalments (due to U.S. Steel and Anglo-Vaal) had to be temporarily postponed, the chairman Mr. R. T. Swemmer warns of the possible impact on metal prices of the cloudy world economic outlook.

Prieska has still to reach the dividend-paying stage (a major holder is Middle Wits) and, here again, caution prevails. Mr. Swemmer points out that capital spending in the current year is likely to absorb about R10.3m.

He thus continues: "The uncertainties in the metal markets and the funding of the company's capital expenditure and prospecting programmes calls for the maintenance of a strong liquid position and dividend prospects must be seen against this background and the company's debt burden."

However, Prieska is now in much better shape than ever before and metal prices are still above the company's 1978-79 averages: copper is currently £990 while the European producer price of zinc is still $780 after having been up to $845.

Having a tax loss of R22m Prieska has not yet entered the tax net and, while prospecting for further ore, it raised its ore reserves last year to 12.1m tonnes from 10.7m tonnes. While still having to fulfil its initial promise, Prieska is at least no longer a headache for its owners.



The gold price resumed its climb again yesterday and after touching $338 per ounce closed at $335.625 an ounce, $4.25 higher on the day but still more than $7 under the price traded briefly last Thursday morning. The advance, after the setback at the end of last week, attracted fresh buying of South African gold shares. There were sharp gains throughout the list and the Gold Mines index rose 11.1 to 199.2. The ex-premium index was 8.6 higher at 177.4.

EARNINGS MOUNT AT AFTON

AS AFTON MINES, the British Columbia copper producer, moves towards the end of its first full financial year after the start of commercial production, earnings have continued to build up and the first bank loan repayments have been made.

The company, controlled by Teck Corporation of Vancouver, sells copper to BICC and Delta Metal of the UK under long-term contracts. Commercial production started in May 1978.

Net earnings for the nine months to June were C$4.7m (£1.8m) or C$1.25 a share, with sales revenue coming to C$43.16m. During the period 7,000 tons of blister copper were produced. By-products were 13,742 ounces of gold and 53,120 ounces of silver—a handy addition in view of the rise in precious metals prices.

The mine was financed in the first place by bank loans of C$75m and loans from the UK consumers worth C$15m. Afton disclosed in its third-quarter report that the first bank loan repayment of C$3m had been made.

Operations in the mine and concentrator have been exceeding design capacity, and the smelter's capacity is now almost in balance with concentrator production, the company said.

Mineral supply debate at IMM

GROWING CONCERN about the UK's vulnerability to interruptions in the supply of strategic minerals has prompted the Institution of Mining and Metallurgy to organise a London symposium on the availability of strategic minerals.

A spokesman for the IMM said that the list of speakers for the symposium, which will take place in November, has been completed. The symposium brings together specialists from industry, government and the academic world.

Subjects for consideration, range from the supply situation of specific minerals to stockpiling and the role of the Government. They reflect the feeling that public debate on a largely neglected area of policy has become increasingly urgent in the light of political uncertainty in some producing countries and a downturn in investment over recent years.

Australian uranium newcomer

AUSTRALIAN PROPERTY group Stock and Holdings is floating off a legacy of the mining boom—a mining offshoot mainly involved in uranium, reports James Forth from Sydney.

Stocks intends to offer shareholders the majority interest in its mining subsidiary, Central Coast Exploration, but will retain more than 20 per cent of the capital.

Shareholders will be offered three new ordinary shares in CCE, paid to 50 cents, for each five Stocks shares, but the issue price is not disclosed.

No shares will be offered to the general public but existing shareholders of Stocks can trade their rights in CCE, which will be listed.

The prospectus is under preparation and the details are expected to be made public within the next four to six weeks. Sydney sharebrokers Bain and Co. will be the underwriters.

The major activity of CCE centres on a uranium find known as the Maureen prospect, near Georgetown, Queensland. Getty Oil of the U.S.—a partner in Pancontinental Mining's Jabiluka uranium deposit in the Northern Territory—has a 49 per cent interest in Maureen.

The last report of Maureen reported 1.12m tonnes of indicated ore reserves with an average grade of 0.18 per cent uranium oxide, or 2,010 tonnes of uranium. Another 1.27m tonnes of ore grading 0.13 per cent contained 1,650 tonnes of uranium oxide.

Berjuntai sees an improvement

THE LARGEST of Malaysia's tin producers, Berjuntai Tin Dredging, expects the current year's production to be "slightly higher" than that attained in the year to April 30, 1979, when output totalled 4,128 tonnes. Production for the first four months of the current year amounts to 1,281 tonnes against 1,552 tonnes.

In the annual report Y. B. Enrik Abdul Ghafar Baba, the chairman, says that the increased output should reflect the No. 7 dredge working in higher grade ground.

The No. 5 dredge is expected to exhaust its payable reserves in the Sungei Selangor area early in 1980 when it is to be transferred to the main property via a pre-cut flotation channel.

Major modifications to the dredge will be carried out to fit it for the resumption of mining in the deeper ground within the main property.

However, if negotiations for the acquisition of an area adjoining the Sungei Selangor are successful, the dredge will remain where it is now until about 1982.

In the Lower Perak Tin Dredging annual report the chairman, Mr. Junus Sudin, expects production in the current financial year to fall significantly, reflecting continued dredging operations in low grade ground and the planned shutdown of the dredge for modifications to the treatment plant during the last quarter.

He feels that if the tin price does not remain at its present high level it may not be profitable for the dredge to continue working the low grade area of the reserves. Alternative dredging schemes are therefore being considered.

Meanwhile, Gopeng Consolidated produced 197¼ tonnes of tin concentrates last month—its best monthly output since July 1976 — bringing its 11 months total production to 1,781¼ tonnes, compared with 1,551½ tonnes in the same period last year.

Output at Pengkalen, although below the previous month's figure, continues to outpace that of the previous year with the total in the 11 months to end-August of 720½ tonnes more than double that of the comparable period last year when production reached 971 tonnes.

	Aug tonnes	July tonnes	June tonnes
Gopeng	197¼	157½	159
Tanjong	20	10	19¼
Idris	30½	30¼	27¼
Pengkalen	33¾	42	42¾

In the August tin concentrate output figures announced by the eastern mines in the Malaysia Mining Corporation group, Berjuntai has done better thanks to the resumption of operations with the No. 6 dredge on August 6.

Of the other producers which are now well into their financial years, Tronoh has produced 1,437 tonnes for the first eight months compared with 1,621 tonnes in the same period of 1978.

Southern Kinta's five-month total amounts to 745 tonnes against 681 tonnes while that of Sungei Besi for the same period is 812 tonnes against 832 tonnes. The group's latest outputs are compared in the following table.

	Aug tonnes	July tonnes	June tonnes
Ankam	140	135	93
Ayer Hitam	116	[illegible]	[illegible]
Berjuntai	377	208	[illegible]
Kamunting	47	51	46
Kramat	—	—	—
Kuala Kampar	77	78	73
Lower Perak	30	16	13
Malayan	227	275	204
S. Kinta Cons	170	153	175
Sth. Malayan	126	107	191
Sungei Besi	179	190	168
Tongkah Harb	45	77	75
Tronoh Mines	187	194	193

Japan loan for the Copperbelt

ACCORDING to Tokyo reports, Mitsubishi and Mitsui will provide the two major Zambian copper producers with loans totalling $40m (£18m) to secure stable supplies of copper for Japan.

Mitsubishi said the money would be used to expand and modernise Nchanga Consolidated Copper Mines and Roan Consolidated Mines.

Union re-think on Australian uranium mines

PROSPECTS for the mining of Australian uranium have taken a jump with the support of the executive of the Australian Council of Trade Unions for two uranium mining projects, Ranger and Nabarlek, both in the Northern Territory, reports James Forth from Sydney.

The executive will recommend to the biennial ACTU Congress in Melbourne this week that these projects go ahead, although this is opposed to existing Australian Labor Party policy.

The executive will also ask the congress to tell the Federal Government that it should not sell its 50 per cent stake in Ranger.

The present ALP policy which dates from 1977, is that uranium mining should be continued at existing operations to honour existing export contracts but that no other contracts should be allowed until uranium and its waste disposal are completely safe.

The executive decision is, however, a draft recommendation and will almost certainly meet stiff opposition, particularly from left wing unions.

The draft recommendation urged that supply safeguards be strengthened and restated the general opposition to development beyond Ranger and Nabarlek, which is discouraging news for Pancontinental and Noranda in the Northern Territory and Western Mining Corporation in Western Australia.

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BIDS and DEALS

Parker Timber shares jump on Harrisons & Crosfield approach

Harrisons and Crosfield, the plantation group, has made an approach to Parker Timber which may lead to an offer. On the stock exchange Parker Timber's shares soared 30p to 235p, placing a value on the group of £13.7m. At one stage Parker Timber's shares reached 240p.

Parker Timber, a timber merchant and manufacturer, recently reported pre-tax profits little changed at £2.3m for the year ending March 31, 1979, on a turnover of £51.7m.

Last year Harrisons and Crosfield bought the 40.9 per cent of Sabah Timber which it did not already own in a deal worth £12.5m. Sabah is engaged in the production of logs but in recent years its interests in the UK in the distribution of timber and other building materials have become important.

In its last balance sheet for the year ending March 31, 1978 Parker Timber showed total net assets of £14.4m.

For 1978 Harrisons and Crosfield reported pre-tax profits of £52.4m on turnover of £548m.

WINCHESTER TRUST

The directors of Winchester London Trust recommend an offer by Mr. Jack Gardner and Mr. Montague Fisher to purchase shares not already held by them at 3.25p per share. They own 6,800 shares (0.23 per cent) and have received irrevocable undertakings to accept from holders of 1,377,801 shares (49.87 per cent). The offer is conditional on 50 per cent acceptance.

COMFORT HOTELS SELLS COPENHAGEN INTEREST FOR £5M

Comfort Hotels has sold the remainder of its freehold interest in Cityhus, Copenhagen, in three deals worth a little over £5m.

Mr. Henry Edwards, chairman, said yesterday that the office and shop development had "never fitted in" to the company's operations and pointed out that net assets abroad were now considerably in excess of liabilities.

A statement said the disposal had been preferred to disposing of the property at a higher price at some future date, as it had enabled the company to reduce foreign exchange loans and would allow it to concentrate on its main activities. The proceeds incorporate a sellers mortgage repayable over 10 years and the sale, after taking into account foreign currency gains on related borrowings, gave rise to an estimated capital loss of £1.4m.

The company has also taken advantage of the strength of sterling and the relaxation of restrictions to repay further foreign exchange loans amounting to about £1m.

GEORGE EWER SHARE BLOCK SOLD

Vivier Investments, the largest shareholder in George Ewer, the motor coach operator and motor trade distributor, and an associate of Vivier, Trafalgar Travel have sold 4,480,000 shares in the company.

In the last balance sheet it was reported that Vivier and Trafalgar held respectively 4.8m shares and 480,000 shares as at March 1 of this year. Their combined stake represented just under 30 per cent of the equity.

FOREST DALE

Forest Dale has received acceptances for its £838,840 offer for Southern Counties Hotels amounting to 96 per cent of the ordinary and deferred shares and 95 per cent of the preference shares.

The offers have now gone unconditional and both the ordinary and preference offers are extended for acceptance on the same terms.

Stewart Wrightson pulls out of farming

By Christine Moir

Stewart Wrightson (formerly Matthews Wrightson) the insurance and ship broking group, plans to divest itself of its last remaining farming interests.

Its tenant farming company, Fountain Farming, which made a loss of £113,000 in the 12 months to September after £381,000 in the previous year, is informally on the market.

Mr. Jeremy Wagener, chairman of Fountain Farming, said yesterday that the decision to sell the company was made last month as part of the group's continuing policy of concentrating on service industries. Farming had proved too capital intensive, he said, for the group's structure, and it had also failed to produce an annual dividend, a requirement for every subsidiary in the group. Interest charges on working capital loans last year amounted to £122,000.

The sale of the subsidiary, which is to be handled by Savills, the land agents, would represent the end of Stewart Wrightson's ambitious plans for large scale commercial investment in farming.

In 1977 the group sold off all the farmland directly owned by Fountain Farming leaving it simply as a tenant farming company. The £3.2m raised in the sale (which also included some forestry land) represented a sizeable loss over book value at the time.

The purchaser was the Electricity Supply Nominees, the pension fund of the Electricity Council. Fountain Farming became a tenant of ESN's on the land sold and ESN also took a 25 per cent stake in Fountain Farming itself. It is not known whether ESN has been approached to buy out Stewart Wrightson's stake.

Fountain Farming operates on 25,000 acres of land. It has a dairy herd of some 5,200 cows currently worth perhaps £2.5m as well as sizeable grain and vegetable crops.

NAPF cannot meet Dalgety board

The Takeover Panel has told the special committee set up by the National Association of Pension Funds to study Dalgety's bid for Spillers that it may not seek a meeting with either Board.

Such a meeting, the Panel has ruled, would breach a general principle of the Takeover Code which says that information in a takeover must be given to all shareholders.

Meetings between selected shareholder groups and the Boards of companies involved in takeovers are sometimes allowed with special permission of the Panel but generally only if they are open to the Press and other shareholders. Any new information which might be forthcoming at such a meeting would also have to be circularised to other shareholders.

In this case, the pension fund managers represented on the special committee have opted instead to exercise their rights as individual shareholders to seek separate meetings with the Dalgety Board. They will then pool the views obtained at the meetings.

Dalgety's Board will, of course, be required under the Code, not to disclose information to any one of them that it has not either already disclosed or intends to disclose.

PEARSON LONGMAN

Penguin Publishing, a wholly owned subsidiary of Pearson Longman, has taken control of Viking Penguin, the U.S. publishing firm, from S. Pearson and Son, Pearson Longman's ultimate parent company.

Pearson bought the Viking publishing house in 1975 and at that time invested 22.3 per cent of it with Pearson Longman through Penguin. Now Penguin has subscribed a further $4m for further stock raising its holding owns 63.6 per cent of Pearson Longman will continue to own the remaining 47.6 per cent.

SHARE STAKES

Milbury—Saint Piran has acquired 150,000 shares making holding 4.88m shares (86.3 per cent).

Isle of Man Enterprises—Nicholson Investments, in which Mr. D. K. B. Nicholson and Mr. Ian Nicholson, directors, are beneficially interested, hold 833,446 shares 72.89 per cent. The total interest of all directors and their interests is now 901,522 shares 74.38 per cent.

Noble and Lund—Charles Clifford Industries have acquired a further 27,500 ordinary shares, bringing their total holding to 432,500 shares.

Sime Darby Holdings—Mr. J. R. Scott, director, has acquired a further 5,000 ordinary shares.

Burns-Anderson—Mr. R. H. Hargreaves, director, has disposed of 25,000 ordinary shares.

House of Fraser—Lonrho has acquired 7.48m shares through the 1-for-8 scrip issue making its total holding 44.88m.

Sobranie (Holdings) — The wife of the chairman has sold 10,000 non-voting shares and his son has sold 20,000 non-voting shares.

Jitra Rubber Plantations—Kuala Lumpur-Kepong Investments has reduced its beneficial holding to 123,500 shares (3.563 per cent).

London and European Group—On September 1, the date upon which M. Horsman joined the Board, he held a beneficial interest in 577,500 ordinary.

Rush and Tompkins Group—K. P. Rush, director, has transferred 30,000 shares to the charities aid fund nominees.

Moorgate Mercantile Holdings—G. J. Sillman, director, has sold 14,000 ordinary shares reducing his holding to 677,214 (4.4 per cent).

NO PROBES

The Secretary of State for Trade, has decided, not to refer the following mergers to the Monopolies Commission. Dickinson Robinson Group the remaining shares in Papeteries de le Couronne which it did not already own.

Mr. T. P. A. Norman, Caparo Group, and Charterhouse Japhet/Berwick Timpo;

Gasco Investments/a substantial minority holding in Saint Piran; and

Hanson Trust/Lindustries.

LASMO negotiates first two overseas offshore oil ventures

FOR ITS first overseas offshore oil exploration ventures London and Scottish Marine Oil Company has turned its attention to the United Arab Emirates and the Philippines.

In the Middle East it has negotiated to earn a 50 per cent working interest in concessions covering 250 square miles of shallow off the coast near Sharjah and Ajman in the UAE, by paying for the first well. Drilling is expected to begin towards the end of October using the jack-up rig Sedco 75.

The present exclusive concessionaire, Forman Exploration Co. of New Orleans, Louisiana, will remain the operator.

In the second deal LASMO will earn a 20 per cent working interest in a Philippine production sharing contract covering the Reed Bank, an area of shallow water some 110-180 miles north west of Palawan, Philippines.

The production areas covers around 5,800 square miles and similarly LASMO will pay for its involvement by meeting part of the costs of the well. Drilling is expected to begin at the end of September using the drill ship Discoverer III.

The present contract holders are a Swedish group headed by Salen Energy, the operator, and a Philippine group in which Seafront Petroleum has the largest interest.

LASMO was set up by City institutions to invest in the North Sea and has spent the past five years concentrating on the Ninian Field from which the first crude only began to flow in the early months of this year.

The heavy investment involved was expected to have pushed its borrowings to a peak within its existing £150m limit by the autumn of this year but in March Mr. G. W. Searle, the chairman, said the company would be seeking to raise the limit to £200m, to permit more flexibility.

He said the company was in a position to devote more time to other exploration and, hopefully, production projects, and the expected cash flow from Ninian production was expected to enable it to undertake a higher level of activity in 1980.

LASMO's policy is now one of increasing the geographic spread of its search for oil while still focusing its main efforts and resources on the UK continental shelf.

F. Austin static in second half

SECOND-HALF taxable profits of F. Austin (Leyton), furniture manufacturer, were down slightly from £197,000 to £188,000. This left the figure for the year ended June 30, 1979, at £490,000 compared with £360,000 previously, on turnover up from £8.54m to £9.38m.

Mid-year profits had risen sharply from £163,000 to £302,000, but the Board warned in March that margins remained under acute pressure in a very competitive market, while severe weather conditions and industrial unrest had caused a serious set-back in retail sales.

Stated yearly earnings rose by 1.12p to 2.66p per 10p share and the total dividend is stepped up from 0.61035p to 0.783p net with a final of 0.6p.

Reflecting a change in accounting policy and in accordance with SSAP 15, tax for the year took £172,000 (£108,000).

Interim lifted 53% by Barton

A 53 PER CENT increase in the net interim dividend and a promise of a significant rise in the final payment is announced by Barton and Sons, tube manufacturer and engineer, for 1979.

Pre-tax profits for the first six months advanced from £1.93m to £2.05m and earnings per 25p share moved ahead from 6.58p to 6.83p. The interim dividend is effectively raised from 0.9167p to 1.4p. Last year's total was equivalent to 2.56p from profits of £3.94m.

At the last annual general meeting Mr. John Wardle, chairman, sounded a note of caution about the first half of the current year because the transport strike and bad weather severely depressed first quarter results. However, a considerable amount of lost ground was made up in the second quarter and a good contribution from the Canadian subsidiary made possible the half-time improvement.

Mr. Wardle states that the second half will not be without its difficulties but he is hopeful that results will be similar to those of the first.

Liverpool Post closes offshoot

Liverpool Web Offset, the contract printing subsidiary of the Liverpool Daily Post and Echo, announces the closure of its operations later in 1979, following losses of more than £1m in the past four years. Losses of over £300,000 continue in the current year.

The company, which employs about 90 people, is situated in Marsh Lane, Bootle.

Engineering dispute hits EIS in second half

A SLIGHT improvement in taxable profits from £874,900 to £901,800 is reported by Electrical and Industrial Securities, industrial holding company, for the first half of 1979. Turnover rose from £10.81m to £11.67m.

Mr. M. Q. Walters, the chairman, warns that business is suffering from the impact of the national overtime ban and two-day strikes in the engineering industry.

Prior to these disputes, he says, the group had a reasonable expectation for the second six months of equalling or improving on the first-half results.

But that can now only be achieved by prompt resumption of normal working and a determined effort to make up lost production, he adds.

For the previous year, a record £1.82m pre-tax profit was achieved.

In the longer term, all group companies continue to have good opportunities for improving performance.

Mr. Walters reports that working capital has been kept under control and liquid assets are adequate for the group's current business. Its total order book at the end of June remained in excess of £20m.

Half-yearly earnings per 25p share improved from 3.749p to 3.904p, and the interim dividend is maintained at 1.072p net—last year's total was 3.293p.

Tax for the six months took £489,600 (£459,600). After dividends of £123,500 (same), the retained surplus rose by £16,900 to £308,700.

The chairman says Hick Hargreaves showed signs of approaching a reasonable level of profitability by the end of the period and made an overall contribution to group profits, after absorbing all redundancy costs. Its order book, although improving, has not returned to the level of this time last year.

Problems in the countries of its principal customers continue to cripple trade at Finch Watson, where turnover was much reduced and only a small profit was earned.

Kontak's results were disappointing largely due to a slowing down in production culminating in an industrial dispute at the end of June. Although the dispute was not prolonged, the cost of settlement and the loss of production, coupled with harsher market conditions, means that it will not achieve last year's profits level.

Kontak Inc. has been formed, based in Tulsa, Oklahoma, to increase penetration of the American market.

The performance of the C. F. Taylor Group continued to improve and a worthwhile contribution to profits was made, fully justifying its acquisition, the chairman states.

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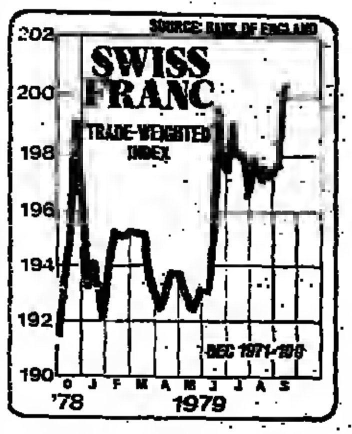
CURRENCIES, MONEY and GOLD

Pound eases, dollar weak

STERLING eased slightly against most major currencies yesterday, while the dollar recovered from its lower levels to finish almost unchanged from Friday. However, sentiment in the dollar remained rather bearish and the currency maintained a rather softish undertone throughout. This was probably a reflection of a switch into the



stronger currencies, notably the Deutsche Mark as speculation over a possible realignment of currencies within the EMS increased. Sterling also suffered as a result, and the Bank of England intervened from time to time to hold the rate steady. The authorities may also have acted after the U.S. Federal Reserve Bank had entered the market quite late to push the dollar to its best level for the day.

Against the Deutsche Mark it finished at DM 1.8085, unchanged from Friday, but up from the day's low of DM 1.8030. Against the Swiss franc it closed at SwFr 1.6265 from SwFr 1.6250, after a low of SwFr 1.6225. On Bank of England figures, its trade weighted index fell to 84.3 from 84.5.

Sterling opened at $2.2500 and touched $2.2510, with most trading in the morning and early afternoon taking place around the $2.2500 level. During mid-afternoon it slipped to $2.2445 and closed at $2.2450-2.2460, a fall of 45 points from Friday. Its trade weighted index on Bank of England figures fell to 71.3 from 71.5, having stood at 71.4 at noon and in the morning.

The Canadian dollar improved to 85.95¼ U.S. cents from 85.73¼ after the announcement of rise in the Canadian Bank Rate to a record 12¼ per cent from 11¾ per cent.

Within the EMS the Danish krone came under renewed pressure as investors moved into the Deutsche Mark, and several central banks sold Deutsche Marks in an effort to maintain some stability within the system.

FRANKFURT — The dollar was fixed at DM 1.8049 yesterday compared with Friday's figure of DM 1.8120. Recent speculation over currency realignments within the EMS tended to attract attention away from the dollar and towards the stronger European currencies. Sterling dipped to DM 4.060 from DM 4.072.

PARIS — The franc improved against the dollar to FFr 4.2150 against FFr 4.2220 on Friday and sterling slipped in terms of the franc unit to FFr 4.0600 from FFr 4.0720.

MILAN — At the fixing the dollar fell 2 lire in line with its weaker trend in other centres, to be fixed at L810.55 compared with L812.55.

TOKYO — The dollar lost ground against the yen yesterday, and closed at Y220.25, down from Friday's finish of Y220.85. After opening at Y221.10, the U.S. unit briefly touched Y221.35, before easing throughout the rest of the day in moderate trading. There did not appear to be any intervention by major central banks.

THE POUND SPOT AND FORWARD

Sept. 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2440-2.2510	2.2450-2.2460	0.28-0.18c pm	1.22	0.87-0.77 pm	1.46
Canada	2.6110-2.6250	2.6115-2.6125	0.52-0.42c pm	2.15	1.45-1.30 pm	1.99
Nethlnd.	4.44½-4.47½	4.45¼-4.46¼	2-1c pm	4.03	5¼-4¼ pm	4.15
Belgium	65.00-65.30	65.05-65.15	10c pm-par	0.92	30-20 pm	1.53
Denmark	11.68½-11.73	11.69¼-11.70¼	6½-8½ ore dis	-7.69	12½-14½ dis	-4.70
Ireland	1.0780-1.0810	1.0787-1.0797	27-37p dis	-3.55	80-90 dis	-3.52
W. Ger.	4.04½-4.07½	4.05½-4.06½	2⅞-1⅞pf pm	7.01	7⅛-6⅛ pm	2.52
Portugal	109.80-116.50	110.00-110.30	45-95c dis	-7.62	140-240 dis	-6.90
Spain	148.15-148.75	148.20-148.30	120-170c dis	-11.74	320-420 dis	-9.98
Italy	1,820-1,823	1,821-1,822	2 lire pm-par	0.88	1½-3½ dis	-4.84
Norway	11.20-11.24	11.20¼-11.21¼	1½ore pm-½ore dis	0.80	5-3 pm	1.43
France	9.46-9.49½	9.47-9.48	2½-1½c pm	2.53	4½-3½ pm	1.58
Sweden	9.41½-9.44½	9.41¼-9.42¼	2½-½ore pm	2.20	4½-2½ pm	1.38
Japan	493-498	495½-496½	3.10-2.80y pm	7.13	8.80-8.50 pm	6.97
Austria	29.13-29.30	29.18-29.23	20-10gro pm	6.16	48-38 pm	5.88
Switz.	3.64½-3.67	3.65-3.66	3⅞-2⅞c pm	11.06	11-16 pm	11.47

Belgian rate is for convertible francs. Financial franc 68.30-68.40c pm. Six-month forward dollar 1.48-1.38c pm, 12-month 3.00-2.90c pm.

THE DOLLAR SPOT AND FORWARD

Sept. 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2440-2.2510	2.2450-2.2460	0.28-0.18c pm	1.23	0.87-0.77 pm	1.48
Ireland†	2.0800-2.0840	2.0800-2.0830	1.00-0.70c pm	4.90	2.60-2.30 pm	4.71
Canada‡	1.1646-1.1666	1.1662-1.1665	6.04c pm-par	0.21	0.15-0.11 pm	0.44
Nethlnd.	1.9815-1.9840	1.9815-1.9830	0.60-0.50c pm	3.33	1.58-1.48 pm	2.89
Belgium	28.97¼-28.99	28.97½-28.99	2-½c pm	0.52	3½-1½ pm	0.35
Denmark	5.2005-5.2100	5.2005-5.2020	3.5-4.0ore dis	-8.65	6.0-6.5 dis	-4.81
W. Ger.	1.8045-1.8067	1.8057-1.8067	0.90-0.80pf pm	5.65	2.39-2.29 pm	5.14
Portugal	48.83-49.05	49.00-49.05	22-32c dis	-5.61	70-110 dis	-7.34
Spain	66.04-66.09	66.04-66.07	55-75c dis	-11.81	180-210dis	-11.81
Italy	810.10-811.40	811.0-811.4	par-0.4lire dis	-6.29	9.50-4.25dis	-1.91
Norway	4.9880-4.9910	4.9890-4.9900	0.30-0.20ore pm	6.60	6.30-0.20 pm	0.20
France	4.2155-4.2175	4.2160-4.2175	6.50-0.40c pm	1.28	6.25-0.15 pm	0.12
Sweden	4.1920-4.1960	4.1950-4.1960	0.50-0.30ore pm	1.15	0.10pm-0.10dis	—
Japan	220.30-220.80	220.40-220.00	1.20-1.05y pm	6.12	3.15-3.00 pm	5.58
Austria	13.000-13.006	13.001-13.006	6.40-5.90gro pm	5.67	15.75-14.25pm	4.61
Switz.	1.6232-1.6273	1.6232-1.6239	1.53-1.48c pm	11.12	4.25-4.20 pm	16.41

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Sept. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.580235	0.219828
U.S. $	10½	1.50394	1.59592
Canadian $	11¾	1.62118	1.62707
Austria Sch	3¾	n/a	18.2066
Belgian F.	8	57.9055	40.5268
Danish K	8	—	7.28780
D Mark	5	2.32274	2.52522
Guilder	9	2.59680	2.77614
French Fr.	8½	6.51241	5.89178
Lira	16½	1059.45	1156.27
Yen	6¼	287.910	308.003
Nrwgn. K.	7	6.61383	6.97275
Spanish Pes.	8	86.1461	92.1018
Swedish Kr.	7	5.47916	5.86645
Swiss Fr.	1	2.13194	2.27570

CURRENCY MOVEMENTS

Sept. 16	Bank of England Index	Morgan Guaranty changes %
Sterling	71.3	-34.2
U.S. dollar	84.3	-8.9
Canadian dollar	80.9	-16.8
Austrian schilling	151.7	+21.8
Belgian franc	114.4	+13.6
Danish kroner	114.3	+2.9
Deutsche mark	162.9	+42.7
Swiss franc	200.4	+82.8
Guilder	164.2	+19.0
French franc	99.4	-7.2
Lira	55.6	-48.7
Yen	169.0	+27.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Sept. 10	£	$		£ Note Rates
Argentina Peso	6211-5231	1430-1440	Austria	98¾-69¾
Australia Dollar	1.9875-1.9915	0.8835-0.8866	Belgium	68-69
Brazil Cruzeiro	61.71-62.71	27.50-27.90	Denmark	11.65-11.80
Finland Markka	8.59-8.61	3.8255-3.8355	France	9.43-9.52
Greek Drachma	81.804-83.781	36.40-36.50	Germany	4.00-4.10
Hong Kong Dollar	11.37¼-11.39¼	5.0765-5.0795	Italy	1,800-1,850
Iran Rial	167.12-164.97	70-73½	Japan	495-505
Kuwait Dinar (KD)	0.614-0.624	0.2759-0.2762	Netherlands	4.40-4.50
Luxembourg Frc.	65.05-65.15	28.98-29.00	Norway	11.15-11.30
Malaysia Dollar	4.82-4.83	2.1450-2.1640	Portugal	108-114
New Zealand Dlr.	2.2190-2.2230	0.9865-0.9825	Spain	147-150
Saudi Arab. Riyal	7.49-7.59	3.3585-3.6616	Switzerland	3.60-3.76
Singapore Dollar	4.8140-4.8240	2.1440-2.1480	United States	2.24-2.25½
Sth. African Rand	1.8690-1.8790	0.8330-0.8340	Yugoslavia	46-48

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4865	+2.64	+1.47	±1.53
Danish Krone	7.08592	7.28037	+2.74	+1.58	±1.635
German D-Mark	2.51064	2.52331	+0.50	-0.66	±1.1325
French Franc	5.79831	5.89196	+1.62	+0.45	±1.35
Dutch Guilder	2.72077	2.77121	+1.85	+0.69	±1.5075
Irish Punt	0.662638	0.671721	+1.37	+0.21	±1.665
Italian Lira	1148.15	1133.23	-1.30	-1.30	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on September 10, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rate; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	95.00
Albania	Lek	10.1087
Algeria	Dinar	8.81935
Andorra	French Franc / Spanish Peseta	9.475 / 148.25
Angola	Kwanza	67.763
Antigua (S)	E. Caribbean $	6.058
Argentina	Ar. Peso Free Rate	3,291
Australia (S)	Australian $	1.9995
Austria	Schilling	29.205
Azores	Portug. Escudo	110.15
Bahamas (S)	Ba. Dollar	2.2455
Bahrain (S)	Dinar	0.854
Balearic Isles	Spa. Peseta	148.25
Bangladesh (S)	Taka	34.50 (sg)
Barbados (S)	Barbados $††	4.491
Belgium	B. Franc	(com) 65.10 / (fm) 68.35
Belize	B $	4.491
Benin	C.F.A. Franc	475¾
Bermuda (S)	Bda $	2.2455
Bhutan	Indian Rupee	17.85 (sg)
Bolivia	Bolivian Peso	44.91
Botswana (S)	Pula	1.8626
Brazil	Cruzeiro ‡‡	62.21
Brit. Virgin Isles (S)	U.S. $	2.2455
Brunei (S)	Brunei $	4.8126
Bulgaria	Lev	1.9166
Burma	Kyat	15.1057
Burundi	Burundi Franc	262.385
Cameroon Republic	C.F.A. Franc	475¾
Canada	Canadian $	2.6120
Canary Islands	Spanish Peseta	148.25
Cape Verde Isle	Cape V. Escudo	21.985
Cayman Islands (S)	Cay. Is. $	1.87125
Cent. Af. Empire	C.F.A. Franc	475¾
Chad	C.F.A. Franc	475¾
Chile	C. Peso	(Bk) 87.57
China	Renminbi Yuan	5.4492
Colombia	C. Peso	(F) 96.29
Comoro Islands	C.F.A. Franc	475¾
Congo (Braz'ville)	C.F.A. Franc	475¾
Costa Rica	Colon	12.3115
Cuba	Cuban Peso	1.6296
Cyprus (S)	Cyprus £	0.7780
Czechoslovakia	Koruna	(com) 11.76 / n/o 22.60 / (T) 19.78
Denmark	Danish Krone	11.6975
Djibouti	Fr.	380.0
Dominica (S)	E. Caribbean $	6.068
Dominican Repub.	Dominican Peso	2.2456
Ecuador	Sucre	(O) 55.85 / (F) 63.58
Egypt	Egyptian £	(U) 1.5825
Equatorial Guinea	Peseta	148.25
Ethiopia	Ethiopian Birr	(P) 4.5554
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	11.6975
Fiji Islands	Fiji $	1.8466
Finland	Markka	8.60
France	French Franc	9.475
French C'tyIn Af*	C.F.A. Franc	475¾
French Guiana	Local Franc	9.475
French Pacific Is.	C.F.P. Franc	172.98
Gabon	C.F.A. Franc	475¾
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.0695
Germany (West)	Deutsche Mark	4.0626
Ghana (S)	Cedi	6.18 (sg)
Gibraltar (K)	Gibraltar £	1.0
Gilbert Islands	Australian $	1.9295
Greece	Drachma	82.786
Greenland	Danish Kroner	11.6975
Grenada (S)	E. Caribbean $	6.058
Guadaloupe	Local Franc	9.475
Guam	U.S. $	2.2455
Guatemala	Quetzal	2.2455
Guinea Republic	Sily	42.595
Guinea Bissau	Peso	75.922
Guyana (S)	Guyanese $	5.726
Haiti	Gourd	11.2273
Honduras Repub.	Lempira	4.51
Hong Kong (S)	H.K. $	11.325
Hungary	Forint	(com) 77.50 / (T/nc) 44.17
Iceland (S)	I. Krona	847.0
India (S)	Ind. Rupee	17.92 (sg)
Indonesia	Rupiah	1,405.5
Iran	Rial	161.045
Iraq	Iraq Dinar	0.6625
Irish Republic (k)	Irish £	1.0799
Israel	Israel £	61.954
Italy	Lira	1821.5
Ivory Coast	C.F.A. Franc	475¾
Jamaica (S)	Jamaica Dollar	4.005
Japan	Yen	496.25
Jordan (S)	Jordan Dinar	0.669
Kampuchea	Riel	8694.5
Kenya (S)	Kenya Shilling	16.606
Korea (Nth)	Won	1.9646 (l)
Korea (Sth)	Won	1087.31
Kuwait (Sth)	Kuwait Dinar	0.619
Laos	Kip Pot Po	898.2
Lebanon	Lebanese £	7.3072
Lesotho	S. African Rand	1.8740
Liberia	Liberian $	2.2455
Libya	Libyan Dinar	0.6648
Liechtenstein	Swiss Franc	3.655
Luxembourg	Lux Franc	65.10
Macao	Pataca	11.9236
Madeira	Portug'se Escudo	110.15
Malagasy Republic	MG Franc	475¾
Malawi (S)	Kwacho	1.85
Malaysia (S)	Ringgit	4.825
Maldive Islands (S)	Mal Rupee	22.248
Mali Republic	Mali Franc	947.5
Malta (S)	Maltese £	0.7886
Martinique	Local Franc	9.475
Mauritania	Ouguiya	[illegible]
Mauritius (S)	M. Rupee	15.6102
Mexico	Mexican Peso	51.20
Miquelon	C.F.A. Franc	475¾
Monaco	French Franc	9.475
Mongolia	Tugrik	[illegible]
Montserrat	E. Caribbean $	6.058
Morocco	Dirham	8.86
Mozambique	Moz. Escudo	65.096
Nauru	Australian Dollar	1.9995
Nepal	Nepalese Rupee	26.95
Netherlands	Guilder	4.4665
Netherland Antilles	Antillian Guilder	4.0195
New Hebrides	Franc / Aust. Dollar	163.151 / 1.9995
New Zealand (S)	N. Z. Dollar	2.2210
Nicaragua	Cordoba	22.45
Niger Republic	C.F.A. Franc	475¾
Nigeria (S)	Naira	1.367513 (sg)
Norway	Norway Krone	11.2675
Oman Sultanate of (S)	Rial Omani	0.777
Pakistan	Pakistan Rupee	22.16
Panama	Balboa	2.2455
Papua N. Guinea (S)	Kina	1.5290
Paraguay	Guarani	280.24
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.7668
Peru	Sol	[illegible]
Philippines	Philippine Peso	16.6044
Pitcairn Islands (S)	£ Sterling / New Zealand $	1.0 / 2.2210
Poland	Zloty	[illegible]
Portugal	Portug'se Escudo	110.15
Port Timor	Timor Escudo	110.15
Principe Islands	Portug'se Escudo	110.15
Puerto Rico	U.S. $	2.2455
Qatar (S)	Qatar Ryal	8.41
Reunion Ile de la	French Franc	9.475
Rhodesia	Rhodesian $	1.5576
Romania	Leu	[illegible]
Rwanda	Rwanda Franc	[illegible]
St. Christopher (S)	E. Caribbean $	6.058
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.058
St. Pierre	C.F.A. Franc	475¾
St. Vincent (S)	E. Caribbean $	6.058
Salvador El	Colon	5.68
Samoa American	U.S. $	2.2455
San Marino	Italian Lira	1821.5
Sao Tome	Dobra	N/A
Saudi Arabia	Ryal	7.54
Senegal	C.F.A. Franc	475¾
Seychelles	S. Rupee	14.35
Sierra Leone (S)	Leone	2.3538
Singapore (S)	Singapore $	4.8190
Solomon Islands (S)	Solomon Is. $	1.9824
Somali Republic	Somali Shilling	[illegible]
South Africa (S)	Rand	1.8740
South West African Territories (S)	S. A. Rand	1.8740
Spain	Peseta	148.25
Spanish ports in North Africa	Peseta	148.25
Sri Lanka (S)	S. Rupee	34.75
Sudan Republic	Sudan £	1.1225
Surinam	S. Guilder	4.0195
Swaziland (S)	Lilangeni	1.8740
Sweden	S. Krona	9.4175
Switzerland	Swiss Franc	3.6525
Syria	Syria £	(A) 8.8163
Taiwan	New Taiwan	(P) 80.838
Tanzania (S)	Tan. Shilling	18.36
Thailand	Baht	47.60
Togo Republic	C.F.A. Franc	475¾
Tonga Islands (S)	Pa'anga	1.9994
Trinidad (S)	Trinidad & Tob's $	5.3892
Tunisia	Tunisian Dinar	0.9015 (sg)
Turkey	Turkish Lira	105.88
Turks & Caicos	U.S. $	2.2455
Tuvalu	Australian $	1.9995
Uganda (S)	Uganda Shilling	17.00
United States	U.S. Dollar	2.2455
Uruguay	Uruguay Peso	[illegible]
Utd. Arab Emirates	U.A.E. Dirham	8.62
U.S.S.R.	Rouble	1.4790
Upper Volta	C.F.A. Franc	475¾
Vatican	Italian Lira	1821.5
Venezuela	Bolivar	9.64
Vietnam	Dong	[illegible]
Virgin Islands U.S.	U.S. Dollar	2.2455
Western Samoa (S)	Samoan Tala	1.9879
Yemen	Ryal	10.17 (sg)
Yugoslavia	New Y Dinar	42.9748
Zaire Republic	Zaire	[illegible]
Zambia	Kwacha	1.725

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 94.511. Based on gross rates against Russian rouble. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified Rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of IMF. (ǁ) Based on cross rates against Russian rouble.

EXCHANGE CROSS RATES

Sept. 10	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.246	4.063	496.3	2.476	3.665	4.463	1822.	2.612	65.10
U.S. Dollar	0.445	1.	1.809	221.0	4.220	1.626	1.987	811.2	1.163	28.99
Deutschemark	0.246	0.553	1.	122.2	2.332	0.900	1.098	448.4	0.643	16.02
Japanese Yen 1,000	2.016	4.525	8.186	1000.	18.09	7.366	8.999	3671.	5.263	151.2
French Franc 10	1.055	2.370	4.288	523.7	10.	3.858	4.710	1922.	2.757	68.71
Swiss Franc	0.274	0.614	1.111	135.8	2.592	1.	1.221	498.4	0.715	17.81
Dutch Guilder	0.224	0.503	0.910	111.2	2.123	0.819	1.	408.2	0.585	14.59
Italian Lira 1,000	0.548	1.233	2.230	272.4	5.209	2.007	2.450	1000.	1.434	35.74
Canadian Dollar	0.383	0.860	1.556	190.0	3.627	1.399	1.708	697.4	1.	24.99
Belgian Franc 100	1.536	3.449	6.240	762.3	14.55	5.614	6.856	2798.	4.012	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 12.25-12.35 per cent; three months 12.55-12.65 per cent; six months 12.55-12.65 per cent; one years 12.05-12.15 per cent.

Sept. 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	13⅞-14⅛	11½-11¾	10⅛-11⅛	9⅜-9⅝	1¾-1⅞	6¾-6⅝	10¾-11	9-11	—	3¼-6⅛
7 days' notice	13⅞-14⅛	11⅝-11⅞	10¼-11⅛	9⅜-9⅝	1¾-1⅞	6⅞-7	11-11½	11-13	11¾-11⅞	5½-6⅜
Month	14-14¼	12⅛-13⅛	11⅛-12⅛	9½-9¾	2-2⅛	7¼-7⅜	11¾-12	16½-14½	12⅛-13⅛	6⅛-7⅞
three months	14⅛-14⅜	12⅝-16⅞	19¼-19⅝	9⅝-9⅞	2⅝-2⅝	7⅛-7⅛	12⅝-12⅞	14-15	12⅛-12⅛	6⅛-7⅛
six months	14⅛-14⅛	19⅝-12⅞	12⅛-12⅞	8⅝-2⅞	2⅞-3	7⅝-7¾	16⅛-16⅜	14⅛-16⅛	12¾-12⅞	6⅞-7⅛
one year	13⅛-13⅛	12¼-18⅛	12-12⅛	9½-9¾	3-3⅛	7⅝-7¾	13⅛-13⅜	15½-16½	12⅛-12⅛	6⅛-7⅛

Long-term Eurodollar: two years 11⅛-11¼ per cent; three years 11⅛-11¼ per cent; four years 11-11⅛ per cent; five years 10⅞-11 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Bank of France ups rates

In a move to bring its minimum lending rate into line with prevailing money market interest rates the Bank of France increased its discount rates for Treasury bills yesterday. The rates, which have been unchanged since July 26, were raised by ¼ per cent to 10¼ per cent for one month; to 10⅜ per cent for three-month; and to 10½ per cent for six-month.

With official rates unchanged, at a time of gradually rising period rates in the money market, banks have been encouraged to increase liquidity in recent weeks by discounting bills with the central bank under one, three or six month repurchase arrangements. Known as putting bills into pension, these arrangements are an attractive source of cheap funds.

The Bank of France has now moved to curb liquidity, but further measures to stem monetary growth are still expected, including perhaps another raise in Treasury bill discount rates. In the Paris money market yesterday period rates were generally firmer, but call money remained at 10½ per cent. One-month rose to 11-11⅛ per cent from 10 15/16-11 1/16 per cent, and three-month and six-month to 11⅛-11⅜ per cent from 11⅛-11¼ per cent. 12-month money was unchanged at 11⅝-11⅞ per cent.

FRANKFURT — Call money rose to 7.00-7.20 per cent from 6.90-7.00 per cent. One-month was quoted at 7.60-7.80 per cent, compared with 7.70-7.80 per cent; three-month and six-month at 7.80-8.00 per cent, compared with 7.90-7.95 per cent; and 12-month at 7.80-8.00 per cent, compared with 7.85-7.90 per cent.

BRUSSELS — One-month and three-month money was quoted at 12¼-12½ per cent, compared with 12-12¼ per cent previously. Six-month funds rose to 11 13/16-11 15/16 per cent from 11⅝-11⅞ per cent, and 12-month to 11⅛-11⅜ per cent from 11-11¼ per cent.

GOLD

Record close

Gold rose to an all-time closing level in the London bullion market yesterday to $335¼-$336, a rise of $4¼ from Friday. Trading was described as being fairly quiet although there was a fairly wide range. At one point the metal touched a high of $338, but this was well below the all-time high of $343 reached last Thursday. Gold opened at $335¼-$336 and dipped to $334⅞ at one stage. The krugerrand's premium over its gold content widened sharply to 3.09 per cent compared with 2.00 per cent on Friday.

	Sept. 10	Sept. 7
Gold Bullion (fine ounce)		
Close	$335¼-336 (£149.2-149.6)	$331-331¼ (£147.1-147.4)
Opening	$335¼-337 (£149.4-149.7)	$328½-329¼ (£146.2-146.6)
Morning fixing	$336.40 (£149.511)	$331.16 (£147.374)
Afternoon fixing	$336.30 (£149.680)	$329.13 (£146.321)
Gold Coins, domestically		
Krugerrand	$345-347 (£153¼-154¼)	$337-339 (£149¾-150¾)
New Sovereigns	$86¼-88¼ (£38½-39½)	$85½-87½ (£38-39)
Old Sovereigns	$117-119 (£52-53)	$116½-118½ (£51¾-52¾)
Gold Coins, internationally		
Krugerrand	$345-347 (£153¼-154¼)	$337-339 (£149¾-150¾)
New Sovereigns	$86¼-88¼ (£38¼-39¼)	$85½-87½ (£38-39)
Old Sovereigns	$117-119 (£52-53)	$116½-118½ (£51¾-52¾)
$20 Eagles	$460-465	$475-480
$10 Eagles	$286-291	$281-286
$5 Eagles	$241-246	$236-241

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave a large amount of assistance by buying a large number of Treasury bills from the discount houses, and a small number of local authority bills.

A large recall of special deposits was the major factor against the market, coupled with a small net take-up of Treasury bills and small run-down balances brought forward by the banks.

Discount houses paid around 13¾ per cent for secured call loans in the early part, with rates between 13½-14 per cent during the day, before closing at about 13¾ per cent.

In the interbank market overnight loans opened at 13¾-14 per cent, and ranged between 13½-14¼ per cent until the early afternoon when call money fell to 12-13 per cent, before closing at 13-14 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Sept. 10 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	12-14½	—	—	—	14¼	13¼-14	—	—	—
2 days notice	—	—	14	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14-14¼	14⅛	—	14⅛	14⅜	13¾-14	—	—	—
One month	14¼-14⅛	14⅛-14¼	14-14½	15-14¾	14⅛	14¼	13⅞	13⅞	14½	14⅝
Two months	14¼-14⅛	14⅛-14¼	—	14⅝-14⅝	14⅛	—	13⅞	13⅞	14¼-14⅛	14½
Three months	14¼-14⅛	14⅛-14¼	14-14⅛	14⅛-13⅞	14⅛	14⅛	13¾	13⅞-13⅝	14⅛-14⅛	14⅜
Six months	13⅞-13⅞	13⅞-13⅞	13¾	13⅝-13⅛	14¼	—	—	—	13	13⅞
Nine months	13⅛-13	13⅞-13¼	—	13⅝-13⅛	13⅝	—	—	—	—	—
One year	12¾-12⅝	12⅞-13	13	12⅞-12⅝	13¼	—	—	—	—	—
Two years	—	—	16	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 12⅝-12¾ per cent; four years 12⅝ per cent; five years 12⅞ per cent. фBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅝ per cent; four-month trade bills 14¼ per cent.

Approximate selling rate for one-month Treasury bills 13⅞-13 11-64ths per cent; two-month 13 19-64ths-13⅞ per cent; three-month 13⅞-13 21-64ths per cent. Approximate rates for one-month bank bills 14⅛-14¼ per cent; two-month 13⅞-14⅛ per cent; and three-month 13⅞-14 per cent; one-month trade bills 14⅝ per cent; two-month 14⅝ per cent; and three-month 14⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from September 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3485 per cent.

MONEY RATES

NEW YORK	
Prime Rate	12.5-12.75
Fed Funds	11.375-11.5
Treasury Bills (13-week)	10.40
Treasury Bills (26-week)	16.22
GERMANY	
Discount Rate	6
Overnight Rate	7.10
One month	7.70
Three months	7.90
Six months	7.90
FRANCE	
Discount Rate	8.5
Overnight Rate	10.5
One month	11.0625
Three months	11.8125
Six months	11.8125
JAPAN	
Discount Rate	5.25
Call (Unconditional)	6.8125
Bills Discount (3-month)	7

THE IBM/MCA VIDEO DISC VENTURE

Linking computer and consumer markets

BY MAX WILKINSON

THE NEWS that International Business Machines, the $21bn giant of the computer world, is moving into consumer electronics will send a shiver down the spines of some competitors.

IBM has announced that it is to set up a joint venture with MCA of the U.S. to make video disc players, the television equivalent of the gramophone turntable.

The IBM/MCA player is expected to be compatible with units which have been jointly developed by MCA and Magnavox, subsidiary of Dutch Philips.

The Magnavox machine, which was launched in Atlanta, Georgia, last autumn at a price of nearly $700, is still the first in the world to have reached the shops.

However, hte race to perfect and market the best worldwide system for recording films on disc is still in its first stage. Several other large corporations including RCA of the U.S. and Japanese Victor Company (JVC: subsidiary of Matsushita) are at an advanced stage of development of their own product, using a completely different system of recording and playback from that of Philips.

Broadly there are three different systems of video disc under development. The backers of all the systems are hoping that their own type will emerge as a world standard. If it fails to do so, they face a huge write-off of development costs.

The most sophisticated is probably the Philips/MCA/IBM system which uses a laser (high intensity light beam) to shine on to a spinning disc. Indentations in the disc cause the beam to wobble as it is reflected, and the wobbles are used to encode the moving picture. Pioneer in Japan is making a similar type of player.

At the other end of the scale there have been several attempts to record motion pictures on discs which can be tracked by a mechanical stylus. The Teldec system developed in Germany and Matsushita's Visc were early examples. However, the prohlem with such systems is that video recording requires 100 times more information to be stored on a disc compared with what is needed for a sound track.

Somewhere in between the laser and mechanical systems are the systems heing developed by RCA in America and hy JVC. They use a mechanical pick up arm but they sense electrical variations in the disc rather than mechanical vibrations. JVC's current system uses a capacitor sensor floating above the spinning disc.

The laser system has many potential advantages. The disc can be protected in a plastic sleeve and therefore can last for ever: individual picture frames can be "frozen," and, most important, it has a very large capacity. However, it is expensive to produce and so far there have been production problems with the cutting of discs.

> The joint venture into video disc players by International Business Machines and MCA marks a big step in the competitive area of high technology. But it's outstanding significance may be in consumer electronics

This is where IBM comes in: it bas also been researching video disc technology for a completely different purpose. It would like to use discs for high density storage of computer data. Philips has also been interested in this possibility.

The reason that the computer industry and the home entertainments industry can make use of a basically similar machine is that video discs are recorded in the computer language of digital pulses. From the point of view of the machine, it makes very little difference whether the millions of digits on a video disc are encoding data or representing a moving picture.

Because of its high technology the video disc player is the first machine which seems likely to share a substantial common market in the consumer and the professional fields. The joint development with IBM has therefore a number of interesting implications for the future of both industries.

Firstly it has been estimated that sales of video players to the computer industry could outnumber consumer sales hy perhaps ten to one. This means clearly that high development costs could be more rapidly amortised, so that consumers could get a cheaper prodnct more quickly.

This will be very important in the take off phase of the market wben video players are still struggling to become generally accepted. This is especially true of a prodnct for which development of machines and the collection of a large catalogue of discs must be closely related.

In the longer term, the advantages of digital techniques for sound only recordings are expected to be exploited by high fidelity manufacturers. The largest size disc could hold more than 12 hours of continnous music, but more important, the sound quality would be better and less prone to deterioration than with conventional recordings.

It seems likely that the input of technology from the fast developing computer industry will help to accelerate these trends. And if IBM decided to explore further inroads into the consumer market it has vast resources of money and technology to bring to bear on the prohlems.

First-half profits rise for Elf Aquitaine

By Terry Dodsworth in Paris

FIRST HALF net profits of Elf Aquitaine, the French nationalised oil company, have virtually doubled to FFr 1bn ($234m) compared with FFr 540m in the same period of 1978.

These parent company figures illustrate the boost given to oil company profits by the recent price rises and underline the new measures which have been taken by the French government to raise taxes on some aspects of oil company profits.

The six month outcome has been reached after a similar contribntion to last year from the company's prodnction affiliate. This is made np of interest and dividend payments.

Elf adds that, because of the improvement in the market, its refinery and distribntion division has been able to re-integrate some FFr 971m formerly laid aside for provisions. It is this division which, in past years, has been a source of difficulties for the group, losing FFr 400m in the whole of last year.

At the same time, however, it is making a further provision of FFr 1hn for general risks hecause of the instability of the overseas situation and the fact that stock profits are not yet realisable.

Although group consolidated results for the six months are not yet available, Elf calculates cash flow for the period at about FFr 6bn.

ICU ahead

ICU, ONE of the major quoted Dntch companies expects this year's net profits to top the 1978 figure of Fl 7.9m (US$3.97m) by 25 per cent. Sales in the first eight months have been up 28 per cent to Fl 215m, writes Michael van Oss in Amsterdam. The board said that all sectors of activity had shown an improvement particularly of those in Great Britain and the U.S.

ICU's 1978 annual report had still forecast this year's profits and sales rise by around 15 per cent.

AGA forecasts earnings boost

BY VICTOR KAYFETZ IN STOCKHOLM

AGA, the Swedish industrial gas and heat engineering group, believes that its 1979 pre-tax profit will exceed by about SKr 5m the figure of SKr 270m ($64m) it predicted last spring. This is despite an anticipated SKr 17m sacrifice in earnings if this autumn's negotiations with Metal Box result in the sale of AGA's radiator business to the British firm's subsidiary Stelrad.

Group pre-tax earnings in the first half rose more than 17 per cent to SKr 128m ($30m) whilc sales increased 14 per cent to SKr 1.97bn ($467m). During 1978 sales totalled SKr 3.64bn ($861m). Last April AGA predicted a 1979 turnover of SKr 4.1bn.

Operating earnings for the first half were up 12 per cent to SKr 175m. This included an unchanged SKr 131m in the gas division, whose sales were 9 per cent higher at SKr 1.06bn. Most gas companies in the division showed improved earnings but equipment companies experienced temporary declines in profits, AGA says. But "good order inflow is expected to result in satisfactory earnings for the full year."

The heating division had a 23 per cent rise in sales to SKr 405m but operating earnings were up only SKr 1m to SKr 16m. Earnings are expected to improve in the second half.

Frigoscandia, which is active in freezing, storage and foodstuffs transport, showed an unchanged operating profit of SKr 28m on sales of SKr 388m, up 18 per cent from the first half of 1978. Due to the seasonal nature of its business, the subsidiary can expect higher earnings in the second half, AGA predicts.

The industrial group showed a 33 per cent rise in sales to SKr 130m while operating earnings rose from zero to SKr 18m, mainly due to a recovery by AGA infrared systems, which moved into the black.

Strong interim brightens outlook for Alfa-Laval

BY OUR STOCKHOLM CORRESPONDENT

ALFA-LAVAL, the Swedish agricultural and industrial equipment manufacturer, reports pretax profits of SKr 155m (U.S.$37m) for the first half on sales of SKr 2.41bn, against SKr 133m on SKr 2.14bn for the period last year.

The group now predicts that 1979 earnings will slightly exceed the SKr 321m recorded for 1978. Invoicing for the whole year will be 10 per cent above the 1978 sales figure of SKr 4.99bn, Alfa-Lavel predicts.

Second-half sales will thns he higher than those of January-June but only barely above the SKr 2.85hn noted in the second half of 1978, due to delivery of a number of large plants.

Consolidated first-half orders were up 28 per cent at SKr 3.08hn. Half this total was in the industrial group, which showed a 32 per cent rise in orders including a 40 per cent jump for the dairy sector. The division's sales rose 20 per cent hnt earnings did not improve correspondingly.

Orders in the agri-group rose 25 per cent to SKr 1.03hn, with complete plants comprising a large part of this. Agri-group invoicing was up 15 per cent and earnings continued to improve.

Other companies showed order intake of SKr 530m, up 18 per cent from last year, with sales and overall earnings "on a level with those of the first half of 1978."

Alfa-Laval expects its consolidated order backlog at the end of 1979 to be much larger than a year earlier. Most major plant orders received during 1979 will be invoiced dnring the following two years, it adds.

Mid-year liquidity was SKr 1.1hn, up SKr 50m from a year earlier. Alfa-Laval expects a positive financial net in 1979 against a negative figure of SKr 0.5m last year.

Clabir set to take over loss-making General Host

BY JOHN WYLES IN NEW YORK

GENERAL HOST Corporation, in recent years one of America's less successful food companies, may he taken over by another food group, the relatively small Clabir.

General Host, of Stamford, Connecticut, suffered a $2.6m loss last year on sales of $660.5m. First balf earnings of 84 cents a share indicate some improvement and full year earnings will be boosted by about $100m provided hy the sale of loss making leathery and bakery units.

Clabir, which already owns 415,000 of General Host's 1.7m shares outstanding, would need to find $60m to complete a full takeover, including two series of debentures which can be converted into 1.4m common shares. Clabir admits that its own funds, including about $3m in cash, are insufficient to finance the acquisition and says that it is talking to its bankers and to investment bankers.

Clabir says it is interested only in a friendly acquisition. It began buying General Host's stock when it was about $8.50 a share 16 months ago. Following indication of a possible takeover, General Host's price has risen to more than $23 a share.

Dutch stores group ahead

AMSTERDAM — Koninklijke Bijenkorf Beheer, the Dutch stores group, has restated its forecast that a further improvement in profitability is possible this year.

Net profit rose to Fl 24.5m ($12.2m) in the year ended January 31 from Fl 20.0m the previous year.

Full year sales in 1978-1979 were Fl 2.24bn.
Reuter

INTERNATIONAL CAPITAL MARKETS

$500m borrowing by Greece

BY OUR EUROMARKETS STAFF

A TEN-STRONG international banking group is to syndicate a $500m 10-year Eurocurrency loan for the Bank of Greece.

The proceeds of the credit will help meet Greece's anticipated current account payments deficit this year, and preserve its currency and gold reserves.

The margin on the facility will be ½ per cent over interbank rates, marking the entry of Greece to the ranks of the expanding group of conntries which can launch their Euromarket debt on the finest terms, bankers reported.

The management fee for the banks will be ⅜ per cent.

The banking group is composed of Bank of Tokyo, Banque Nationale de Paris, Canadian Imperial Bank of Commerce, Citicorp, Continental Illinois, Credit Lyonnais, Fuji, Midland, Sumitomo and Westdeutsche Landesbank (the latter bank in charge of the syndication operation).

A $50m loan for Malawi, managed by National Westminster Bank, bas now heen signed. The funds will be nsed for further financing for the development of Lilongwe airport and for agricultural projects.

The margin is 1⅞ per ceot. The loan will he repaid in 10 equal semi-annual instalments commencing 30 months after the signing of the agreement.

Meanwhile, a further large short-term loan is being arranged by a Venezuelan state agency. Banco Nacionale de Ahorroe Prestamos (Banap), a hank which lends in the housing and construction sectors, is reported to be seeking up to $500m.

The one-year facility will carry a margin of ⅜ per cent, and is being managed by Citicorp.

Kleinwort plans new fund

BY JOHN EVANS

BRITISH merchant banker Kleinwort Benson plans to launch a Eurobond Fund for British investors shortly.

The fund is expected to be the first of its type in the wake of the recent relaxation of UK exchange controls. This allowed UK residents to invest in the securities of bonds of EEC countries, and the dollar issues of the 10 major international organisations of which Britain is a member, without having to move througb the investment currency system.

Being set up as a Guernsey based company, in association with British stockbroker Rowe and Pitman, the fund will issue participating redeemable preference shares. This is a formula already used by several Channel Islands-based British gilt-edged funds, and effectively represents an open-end mutual fund.

The fund is designed to produce a fairly substantial income, in the 6 to 8 per cent range, depending on the eventual currency "mix" of the portfolio. It is aimed at certain classes of private investors as well as smaller pension funds which have so far held off from Eurobond investments.

As the international organisations, whose Eurobond issues are now eligible for UK residents' investments, have a total of some $10bn of Eurodollar bonds outstanding, the fund will have a wide range of dollar securities from which to choose, as well as EEC currency issues, according to Kleinwort.

Meanwhile, several other British banks and investment fund and unit trust organisations are reported to be studying similar ventures.

In the Eurobond markets yesterday, Deutsche-mark bonds were little moved. While rumours of some form of currency realignment, involving a D-mark revaluation continued to circulate in Europe, dealers said most funds attracted into Germany were being lodged on short-term investment rather than in long-term bonds.

The World Bank has completed a DM 150m 15-year private placement, via Bayerische Landesbank. The issue carried a coupon of 8 per cent and was priced at par.

Profits rise at Danish bank

By Hilary Barnes in Copenhagen

OPERATING PROFITS for SDS, Denmark's largest savings bank, increasing by DKr 34m or 22 per cent in the first half compared with the same period last year. The result before depreciation, taxes and adjustment for security values, showed an increase to DKr 191m.

A positive adjustment item for security values of DKr 125m should be added to this figure.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.
Closing prices on September 10

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcan of Australia 10 89	60	95⅝	96⅛	−0⅛	−0⅛	10.66
Alex Howden XW 9½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australian Res. 9½ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Avco O/S Cap. 10½ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial Fin. 9½ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 10¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 9⅞ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pacific 9¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Carter Hawley 9¾ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Comalco Inv. E. 10⅜ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Continental Grp. 9¼ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Osme Petroleum 10 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dominion Bridge 10⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dow Chem. O/S 9¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9¾ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9⅞ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 10 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Export Dv. Cpn. 9⅝ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Export Dv. Cpn. 9⅝ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 9⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 9⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GTE Finance 9¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GTE Finance 9⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
General Motors 9⅝ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gould Int. Fin. 9⅝ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hoechst Fin. XW 9¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hudson Bay Co. 10 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITT Antilles 9⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kennecott Int. 9⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manitoba 9⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Michelin 10 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. Coa Telecm. 9⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Brunswick 9⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Newfoundland 10 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 9¼ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 9⅝ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nova Scotia Pwr. 9⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Occidental Fin. 10⅞ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Orient Leasing 9⅞ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pennwalt O/S F. 9⅝ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pepsico Cap. 9⅝ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portland 10 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro 10 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Redland Fin. XW 9⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sears Roebuck 8 82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Statoil 9⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stockholm 9⅝ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 9⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 9⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 9⅝ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever NV 8⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Warner-Lambert 8 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev. Bk. 7⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banco Desarrollo 7½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays O'seas 6⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil 7½ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil 8 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 7 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Eur. 7⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 6⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 6½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 6⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eletrobras-Brazil 7 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 6⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Chem. 6⅝ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 6⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Koken 6⅝ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel. & T. 6⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Inv. Bk. 6⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 7½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 6⅝ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Occidental 6⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Elec. Pwr. 6⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 6⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 7½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev. Bank 5¾ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aumar 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 3¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen City of 4⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNDE 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil 4⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Caisse Nat. Tele. 4⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 3⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 3⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Eur. 4⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Mt. Bk. 4⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elec. de France 4⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heron 4⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI Fin. NV 3⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. 4⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 3⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Bank 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 3⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philippines 4⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shikoku El. Pwr. 4⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain 4 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stewsag 4⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Voest-Alpine 4⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 4⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.8 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 6⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 8 84 SDR	20	97½	98¼	0	+0½	9.61
Avco Fin. 10⅝ 89 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C. Foncier 10⅝ 84 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ex. Dev. Cpn. 10 84 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fst. Can. Inv. 10 84 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hudson Bay 10⅝ 89 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec 10⅝ 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. Bk. Canada 10 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. Bk. Canada 10 84 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen 8⅝ 91 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Komm. Inst. 7⅝ 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOR France 8⅝ 84 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOFTE 8⅝ 89 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene Bk. 6⅝ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CFE Mexico 7⅝ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7⅝ 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heineken 8⅝ 89 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ned. Middbk. 8⅝ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 6⅝ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 8⅝ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elf Aquitaine 9⅝ 88 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 9⅝ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 9⅝ 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PSA Peugeot 9⅝ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renault 9⅝ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Saint-Gobain 9⅝ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Solvay et Cie 9⅝ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Oil 9⅝ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 10 83 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9⅝ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 11⅝ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance for Ind. 13 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. for Ind. 12⅝ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Co. 12⅝ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Indonesia 8⅝ 91 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi 7⅝ 84 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Kom. 7⅝ 89 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Occidental 8⅝ 91 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofom 8 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Kom. 8 83 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo, City of 8 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Solvay Fin. 8 85 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. 5⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNDE 8 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banco di Roma Int. 8 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bco. Nac. Argent. 7 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banco Prov. BA 7⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banco Urquijo 8 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bque. Indo Suez 5⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banque Sudameris 8 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 5⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S Fin. 6 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Creditanstalt 5⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 5⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jugobanka 8 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB Japan 5⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mfrs. Han. O/S 8⅝ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nacional Fin. 6⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. Westm. 5⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit Bk. 8⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit Bk. 8⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Petro Mexicano 7 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Privredna Banka 8 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Bank Scot. 5⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sogenal 5⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texas Int. Airways 7 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trade Dv. Fin. 8 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TVO Pwr. 8 81 (0-lock)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd. Overseas Bk. 8 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. E. d'Alg. 4⅝ 88 SF	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon 6⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ciba-Geigy O/S F. 4 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Suisse 4⅝ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Esselte 7⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Motor 5⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LPC International 8 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nitto Elec. Ind. 6 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Bank Switz. 8 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu 5 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kansai Elec. 4 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marudai Food 3⅝ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Yan. 3⅝ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sharp Corp. 3⅝ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Elec. 5⅝ 87 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Ld. Co. 4 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Uny Co. 6⅝ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Caixa to purchase 7% stake in Banca catalana

BY DAVID GARDNER IN MADRID

THE CAJA de Pensiones para la Vejez y de Ahorros de Cataluña y Baleares, Spain's largest savings bank, is to buy a 7 per cent stake in Banca Catalana, the flagship of the six-bank Catalana group, which is the strongest concentration of commercial banking interests in the key industrial region of Catalonia.

The Bank of Spain has yet to approve formally the operation — the first link-up between a comercial and savings bank in Spain — but Catalana says it has given a verbal go-ahead.

The combined assets of the Caixa — as it is more simply known — and the Catalana group exceed Pta 600bn (US$9.1bn) and the link-up will provide Catalan banking with the financial backing to match its industrial strength, competing for the first time in the same league as the "big seven" group of national banks.

The terms of the agreement are that the Caixa will buy a 7 per cent holding in Banco Catalana, at a cost of approximately Pta 1bn. This is over three times the nominal cost of the shares, and is in part designed to allay any fears that this is a bailing-out operation. The Caixa will have the right to name at least one member of the Catalan board.

The main disadvantage from the Caixa's point of view is that it is buying into a group with a sizeable industrial arm at a time of deep recession. The Catalana group includes the two industrial banks, Banco Industrial de Cataluña and Banco Industrial del Mediterraneo, both of which have substantial equity porfolios.

However, now that legislation changes permit savings banks to behave very much as ordinary commercial banks, the Caixa will have a valuable pool of banking expertise open to it. Another motive for the link-up is a Socialist-backed project which would bring savings banks under the control of autonomous regional governments.

The Left has an in-built majority in Catalonia and the savings banks there are concerned to prevent it gaining control of their considerable assets.

The new relationship with Catalana, a strictly private institution which is in addition controlled by the family of Senor Jordi Pujol, the moderate Catalan nationalist leader, would almost certainly rule this out in the Caixa's case.

The advantages of the move to Catalana are more straightforward. The Caixa will in effect become the group's only liquid shareholder, and will be in a position to lay on valuable peseta lines. Among the initiatives which may be considered will be the setting up of joint branch operations abroad, where Catalana already has considerable experience.

Metal price rise and coal demand aid Preussag

By Roger Boyes in Bonn

PREUSSAG, the diversified West German metals and energy group, has recorded a promising first half and is looking forward to a good year-end result. An improvement in metal prices and higher demand for coal helped to boost results.

Total turnover in the period was DM 1.68bn (US$928m) compared with DM 1.35bn for the first six months of 1978 and, although the company did not give specific figures, Preussag expects to record a significant profit, after last year's balanced result.

The company has already indicated that it will give a dividend this year following three years without any payments.

The first sign of a turnaround came in the last quarter of 1978 when the prices on non-ferrous metals began to improve. The first half has consolidated this trend with prices for zinc and lead rising substantially—Preussag has seen its turnover in the metals division increase in the first half to DM 612.4m compared with DM 425.7m in the same period of 1978.

The other main string to Preussag's bow is coal, sales for which have increased by 29 per cent to DM 455.8m. The energy crisis means that demand for Preussag coal will stay at a high level and that mining capacity will be fully used.

Meanwhile the price rises for oil products will improve the earnings of Preussag's chemicals and oil division during the second half and the shipping division has gained from improved demand for tanker capacity.

SINGAPORE PROPERTY

US$200m project at Marina Centre

BY GEORGIE LEE IN SINGAPORE

A LEADING Singapore property developer, Singapore Land, and an American architectural and property development group, Portman Properties, have been jointly awarded 90,320 square metres of prime land at Singapore's Marina Centre for the development of a S$462m (just over U.S.$200m) hotel and shopping complex.

The site, comprising four parcels of land reclaimed from the sea, was offered on a tender basis to both local and foreign developers earlier this year by the Urban Redevelopment Authority (URA).

The hotel-cum-shopping complex represents the first phase development of the Marina Centre, which will become Singapore's new city of the 1980s. At present it is a tract of undeveloped land, located adjacent to the heart of Singapore's central business district.

The estimated sum of S$462m excludes land cost which will have to be paid to the URA in return for a 99-year lease on the land. Including land cost which is not disclosed, the entire project, it is thought, could exceed S$500m.

The complex which will be of futuristic design will comprise three hotels with a combined capacity of 2,082 rooms and 59,000 square metres of shop space. These include a first-class curvilinear 21-storey hotel with 640 rooms; a triangular 21-storey de-luxe Marina hotel with 592 rooms; and a 30-storey international convention hotel with 850 rooms.

The project is expected to be completed within some four years from the date of commencement.

Portman Properties' principal, American architect John Portman, is already involved in the design of an Atrium style hotel in Singapore currently under construction — the Hotel Pavilion Intercontinental.

The Singapore Land-Portman Properties project is believed to be the second largest single commercial property development to be undertaken in Singapore and comes close to rivalling the nearby Raffles City project.

Raffles City, which has been dubbed "a city-within-a-city," will have a 68-storey hotel and a 31-storey twin-core hotel with a combined capacity of 2,200 rooms, a 24-storey office block and a seven-storey podium.

The estimated development cost of Raffles City is now believed to have been revised from S$600m to between S$750m and S$800m.

The project is scheduled for completion by 1983 to 1984. Raffles City is promoted by the Development Bank of Singapore and will have among its shareholders the Singapore Government.

In making a single award for all the four Marina Centre parcels of land to Singapore Land and Portman Properties, which jointly tendered for the site, their authority said: "The objective is to create a facility which can serve both local and tourist needs in a development which has the potential to gain worldwide reputation — thereby becoming a tourist attraction in its own right and enhancing Singapore's role as a destination city."

Carlton and United Breweries ahead

BY JAMES FORTH IN SYDNEY

CARLTON AND UNITED Breweries, the major brewing concern, increased group earnings almost 15 per cent to a record A$22.98m (U.S.$26m) in the year to June 30, despite heavy increases in excise duty in August 1978.

Group sales rose 20 per cent from A$499m to A$590m (US$667m) and the dividend has been raised from 12.5 cent a share to 13.5 cents. The payout is covered by earnings of 25 cents a share, compared with 22 cents in 1977-78, and will take A$12.6m, against A$11.4m.

The result suggests that after an early setback the beer market improved again. Carlton and United also introduced new products, particularly a light ale with a lower alcoholic content, which has sold well. Pointing to the improving market, the brewer's earnings rose 9.5 per cent in the first-half, when the excise duties would have made their first impact, and gained 19 per cent in the second year.

Report favours Bank of Adelaide merger plan

BY OUR SYDNEY CORRESPONDENT

THE PROPOSED MERGER between the ANZ Banking Group and the Bank of Adelaide was the "only tangible alternative presently available," according to an independent report sought by the Adelaide board. Two accountants from Coopers and Lybrand, Mr. A. N. Powell and Mr. A. Hilton, compiled the report and concluded that it was doubtful if the Adelaide could continue as an independent bank unless a "substantial" partner was admitted into the finance company offshoot, Finance Corporation of Australia.

Approaches for such a partner had been "singularly unsuccessful." The Adelaide board engaged the two accountants to report on whether the ANZ's merger through a scheme of arrangement was "fair and reasonable" from the Adelaide shareholders' point of view.

The merger plan has attracted considerable opposition from Adelaide businesses and some major Adelaide shareholders are reportedly unhappy about the arrangement. A meeting of Adelaide holders is to be held on October 15 to consider approving the offer, which is of 15 ANZ shares for every 44 Adelaide shares.

The accountants conclude that the Adelaide Board was justified in recommending acceptance, but state that in making their assessment they were mindful not only of the Reserve Bank's direction that the Adelaide seek a merger with a larger Australian bank also of its limit on any additional financial support by the Adelaide to FCA.

The report is non-committal about necessary FCA write-offs, which the FCA management put at A$30m (U.S.$34m), but which a consortium of trading banks that organised a rescue support operation, before the ANZ merger proposal, put at A$85m.

Whatever the finally agreed amount was, the report says, it must substantially reduce the net asset backing of Adelaide shares. A A$30m provision would reduce the bank's asset backing from A$3.15 at September last year to A$1.20, and a A$85m write-down would cut this figure back to 31 cents a share.

More particularly, the write-down would impinge on the borrowing ratios of the FCA group beyond the scope of the Adelaide's facilities, and accordingly external assistance was sought. "We realise that considerable uncertainty surrounds the prospects of FCA and its subsidiaries—which could be both favourable and unfavourable," the report states: "But in the meantime the Adelaide is required to meet the annual interest commitment of A$4.2m on the facilities from the Reserve Bank and the consortium of Australian banks."

The report said that the Adelaide's ability to pay dividends, if it were to continue as a separate entity, would be severely restricted. In the absence of a merger the Adelaide was committed to repay by June 1980 the A$30m taken up of an A$50m loan facility from the banking consortium, and by May 1980 an A$10m liquidity facility from the Reserve Bank.

CGE in French cable deal

By Terry Dodsworth in Paris

THE CABLE manufacturing subsidiary of CGE, the diversified French electrical group, has plans to buy into the copper and aluminium sector of the industry, with the acquisition of the major part of LTCL.

LTCL, which has a turnover of FFr 544m (U.S.$127m) and a workforce of about 1,070, is two-thirds owned by the Suez Bekaert groups.

Schering turnover surges following U.S. acquisition

BY LESLIE COLITT IN BERLIN

THE SCHERING pharmaceuticals and chemicals group has had an excellent first half-year, with turnover up 20.7 per cent to DM 1.38bn ($762m). The West Berlin-based group for the first time included the turnover of two recently acquired companies, Sherex Chemical of Columbus, Ohio, and Diamalt of Munich. Without the two companies, turnover rose 6.6 per cent.

Schering says that profits for the first six months were at last year's level, when earnings rose 32.6 per cent to DM 87.9m for the year. The outlook for this year is "again for satisfactory earnings."

The company has also announced a $90m purchase from Cooper Laboratories of the U.S. of Cooper's internal medicine division, with a $37m annual turnover. The division is in Cedar Knowls, New Jersey, and Schering, in addition, gains a plant in Wayne, New Jersey, as well as a small chemicals company on the Virgin Islands. The investment is the largest Schering has made until now in the U.S.

The agreement with Cooper provides for the mutual granting of licences for certain products. Cooper is developing an asthma pharmaceutical which will be made available to Schering. The American company will be able to produce and sell certain Schering products in the dermatological, ophthalmological and dental areas.

This year the parent company, Schering AG, boosted sales by 6.6 per cent to DM 764m. Domestic sales were up 2.4 per cent, while exports rose 9.3 per cent and contributed 61.6 per cent to turnover.

Faster growth is forecast by Oetker

By Guy Hawtin in Frankfurt

THE OETKER GROUP, with activities ranging from frozen foods to shipping, has reported a marginal rise in consolidated sales from DM 2.87bn in 1977 to DM 2.47bn ($1.35bn) in 1978. However, the consolidation basis has changed in the latter period with only 85 companies being consolidated against 120 in 1977.

The brewing groups Binding, Berlinder Kindl and Osnabruecker Aktien-Brauerei, for instance, are no longer consolidated. Nor are banking and insurance operations such as Bankhaus Hermann Lampe, Bank Fur Brauindustrie, Condor and Deutscher Ring.

During the current year business appears likely to show faster growth than in 1978 despite a steep fall in fish prices which hit sales of the group's fishing operations.

An improvement in the performance of Oetker's groceries clothing operations is expected this autumn. At the same time the food manufacturing operations are expected to produce sales growth of around 7 per cent—in 1978 the sector's sales went up by 5.5 per cent to DM 1.1bn.

On the shipping side, turnover is expected to strengthen after last year's 7 per cent decline which took sales back to DM 713m. The group is also attempting to build up its brewing interests further and is in talks which could lead to it taking a majority stake in Kulmbacher Moenchshof-Brau.

This year the group, which is wholly owned by Dr. August Oetker, will be investing DM 365m compared with some DM 154m in 1978. Of this, the lion's share—DM 260m—is earmarked for the shipping sector, which in 1978, was allocated DM 90m.

'Dumping' fears by Benteler

By Our Frankfurt Correspondent

Benteler, the Paderborn based tube and pipe-making group, is somewhat pessimistic about prospects for the current year and 1980. The management blames "dumping" by Italian, Spanish and Romanian tube and pipe makers for a heavy drop in prices.

Dr. Helmut Benteler, the group's chief executive, said that the group should be able to reach the target of DM 1.6bn (US$884m) sales for 1979. By the end of July sales were up 8.6 per cent. Earnings, however, would probably be below the 1977 level.

In 1978 sales totalled DM 1.54bn comfortably exceeding the DM 1.4m forecast and well ahead of the 1977 turnover of DM 1.3bn. Exports were up from 1977's DM 359.2m to DM 491.5m and contributed 36.9 per cent of total sales.

NOTICE OF REDEMPTION TO HOLDERS OF
COURTAULDS INTERNATIONAL FINANCE N.V.
9¼% GUARANTEED LOAN DUE 1985
UNCONDITIONALLY GUARANTEED BY
COURTAULDS LIMITED.

NOTICE IS HEREBY GIVEN that pursuant to Condition 5 of the terms and conditions of the Loan and Clause 2 of the Trust Deed dated as of 5th day of October, 1970 between Courtaulds International Finance N.V. "the Company", Courtaulds, Limited, "the Guarantor", Lloyds Bank Limited, "the Trustee" the Bonds bearing the following serial numbers have been drawn for redemption on 1st October, 1979 by operation of the Sinking Fund at the redemption price of 100% of the principal amount thereof. The redemption payment of each Bond drawn for redemption will become due and payable on 1st October, 1979 interest on each Bond will cease to accrue on and after such date.

2	102	125	174	238	248	292	307	311	336
411	468	474	482	497	536	559	739	755	812
852	941	979	996	1004	1029	1039	1057	1086	1110
1116	1166	1201	1206	1305	1309	1313	1334	1351	1439
1550	1565	1711	1843	1851	1855	1870	1915	1956	1960
1972	2059	2064	2204	2458	2532	2708	2719	2805	2838
2857	3002	3057	3084	3124	3402	3412	3449	3458	3468
3510	3541	3607	3630	3665	3708	3720	3723	3739	3837
3886	3913	3933	3952	3991	3997	4005	4028	4033	4059
4063	4096	4127	4163	4171	4200	4212	4252	4286	4298
4320	4341	4368	4371	4450	4540	4580	4609	4615	4634
4654	4660	4667	4671	4676	4705	4739	4743	4748	4754
4786	4806	4847	4849	4903	4990	4997	5014	5082	5094
5107	5125	5154	5160	5307	5335	5350	5386	5403	5415
5431	5435	5502	5535	5566	5569	5599	5619	5621	5643
5661	5668	5792	5859	6000	6028	6142	6143	6219	6235
6282	6296	6306	6321	6331	6359	6361	6367	6374	6417
6426	6456	6486	6507	6518	6524	6614	6621	6624	6657
6666	6674	6689	6727	6737	6739	6761	6762	6787	6824
6853	6867	7002	7039	7087	7117	7148	7154	7280	7350
7371	7481	7485	7503	7526	7532	7612	7639	7665	7669
7725	7753	7764	7815	7818	7858	7902	7912	7915	7968
7977	8026	8040	8068	8085	8101	8140	8165	8199	8246
8418	8464	8472	8601	8646	8672	8685	8713	8766	8768
8795	8831	8839	8876	8909	8924	8957	9084	9089	9095
9114	9204	9209	9214	9249	9270	9286	9311	9324	9336
9404	9457	9460	9622	9688	9722	9824	9842	9869	9875
9889	9937	9946	10013	10079	10086	10091	10100	10168	10173
10179	10187	10188	10191	10236	10246	10273	10291	10348	10355
10366	10469	10479	10497	10527	10566	10571	10575	10582	10625
10627	10636	10666	10680	10682	10690	10699	10745	10748	10761
10794	10806	10833	10844	10886	10887	10902	10964	10973	10988
11029	11054	11099	11101	11109	11151	11164	11168	11242	11290
11311	11332	11335	11338	11348	11351	11369	11400	11415	11438
11477	11516	11518	11552	11563	11582	11637	11673	11736	11839
11840	12256	12273	12342	12359	12360	12371	12378	12434	12458
12484	12485	12501	12506	12561	12569	12570	12585	12674	12696
12751	12762	12784	12804	12811	12827	12855	13056	13112	13147
13146	13171	13184	13230	13231	13243	13252	13284	13290	13296
13300	13369	13442	13468	13517	13527	13530	13557	13574	13615
13641	13657	13701	13702	13716	13723	13795	13801	13802	13831
13836	13866	13868	13898	13921	13966	13984	14022	14060	14125
14129	14158	14159	14183	14230	14279	14295	14297	14315	14346
14369	14391	14460	14468	14585	14598	14606	14626	14751	14807
14811	14835	14902	15045	15094	15103	15136	15157	15180	15185
15188	15216	15219	15259	15262	15270	15276	15283	15316	15319
15327	15334	15335	15341	15354	15553	15573	15581	15676	15718
15781	15813	15932	15943	15947	15972	15975	16013	16119	16139
16149	16189	16199	16243	16252	16258	16278	16291	16297	16301
16309	16572	16622	16658	16778	16821	16884	17188	17311	17478
17519	17529	17557	17614	17627	17684	17694	17720	17730	17745
17784	17789	17917	18085	18122	18131	18146	18181	18211	18216
18301	18340	18396	18462	18503	18532	18560	18579	18740	19066
19130	19162	19192	19221	19254	19301	19306	19337	19338	19356
19404	19406	19416	19440	19532	19535	19583	19623	19637	19707
19846	19855	19856	19870	19886	19902	19940	19975		

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Nominal value of bonds in circulation $12,058,000 (including bonds drawn for redemption of 1st October, 1979).

CHEMICAL BANK, on behalf of
Courtaulds International Finance N.V.

Dated 6th September, 1979.

Rhone-Poulenc earnings show sharp improvement

BY DAVID WHITE IN PARIS

FIRST-HALF results at Rhone-Poulenc, the French chemical group, showed a sharp improvement in consolidated net profit to about FFr 300m ($70.5m), twice the level reached in the same period last year. This figure corrects those published erroneously in the Financial Times last week.

The company said, however, that the first half result could not be taken as an indication for the year as a whole. Last year, group net earnings reached FFr 284m compared with FFr 84m in 1977 and losses in the two previous years.

Consolidated turnover on a comparable basis rose by 16 per cent to FFr 15.5bn from FFr 13.2bn. The company said that the increase was felt particularly in the heavy chemical sector because of the sharp rise in raw material prices. By volume, the level of activity was sustained, more so in France than abroad, the company reported.

The group profit figure included a FFr 210m loss suffered by Rhone-Poulenc's textile operations in France, reduced from FFr 250m in the first half of last year.

It did not take account of exceptional gains, which amounted to FFr 77m in the half year as against FFr 57m in the same 1978 period.

The increase in turnover leaves out the group's newly acquired fertiliser interests, where sales increased by 15 per cent to FFr 1.9bn in the six-month period. Rhone-Poulenc recently bought up Pechiney Ugine Kuhlmann's 50 per cent stake in Generale des Engrais, which had earlier taken over control of another fertiliser company from the Gardinier family.

Credit Commercial seeks cash

BY OUR PARIS STAFF

CREDIT Commercial de France, the leading French private-sector commercial bank, has forecast higher group profit for this year and is seeking shareholders' approval for a convertible bond issue.

M. Jean-Maxime Leveque, chairman, said in a shareholders' letter that group net earnings in the first half of this year rose to FFr 50.7m ($11.9m) from FFr 32.8m in the same period last year. This advance was to be expected since the 1978 figure was sharply reduced by an exceptional provision for bad risks.

A general shareholders' meeting has now been set for October 17 to decide on the principle of a convertible bond issue.

M. Leveque said that the bank's activity continued to suffer the effects of credit growth ceilings imposed by the Government. The bank had for several years restricted its activity in certain sectors, for instance property loans, in order to keep within the limits. In the first few months of the year, weak credit demand from industry meant that lending activity failed to reach the ceiling. But demand has increased sharply in the past few months.

M. Leveque said the year's result would show a smaller increase but that profits would rise at a higher rate than inflation. In 1978, CCF's group profit rose from FFr 91.6m to FFr 101.1m.

A publicity campaign launched in the spring, offering clients facilities to buy shares of the bank on the stock market as a part of a savings scheme, has already increased the number of shareholders from 17,000 to 25,000, M. Leveque said. The scheme offers a free life assurance plan, linked to the outstanding amount in a client's account, as a privilege for customers who are also shareholders.

CFP doubles profits for first-half

By Our Paris Staff

COMPAGNIE FRANCAISE DES PETROLES (CFP), parent company of the Total group, France's largest oil concern, more than doubled its first-half net profit this year to FFr 412m ($97m) from FFr 172m in the same period last year.

The company said that the improvement in earnings and in cash flow, which went up to FFr 604m from FFr 452m, would also be reflected in consolidated results due to be published next month.

This follows a sharp improvement in the group's performance last year, when its former loss-making activities in refining, distribution and petrochemicals ended up in the black.

Consolidated net profits were FFr 318m in the first half of last year and FFr 451m for the year as a whole, compared with FFr 260m the year before.

The improvement in this year's first half is attributed to a recovery in profit margins in the group's refining and distribution operations overseas.

Parent company sales rose to FFr 10.5bn from FFr 10.2bn as a result of higher prices. By volume, they represented a rather lower level of 31.8m tonnes, compared with 68m tonnes for the whole of 1978.

The sales figures represents only about a third of the group's turnover.

Billerud Uddeholm boosts result for seven months

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

BILLERUD UDDEHOLM, the Swedish pulp, paper and board group formed last year by the merger of the Billerud company and Uddeholm's forest industry operations, reports a SKr 275m ($65.17m) improvement in operating earnings for the first seven months of the year after depreciation according to plan.

The company does not show a pre-tax profit but reports a net income of SKr 103m from interest and dividends for the period. Mr. Gunnar Engman, the managing director, expects a further improvement in performance during the last five months of the year which should cover depreciation and interest charges.

The operating result has climbed from a loss of SKr 221m for the companies which went into the merger to a profit of SKr 54m ($12.8m) in the first seven months. Turnover grew by just under 17 per cent to SKr 1.61bn ($381m).

The operating profit includes SKr 37m in inventory gains and state employment subsidies of SKr 23m while depreciation charges were cut from SKr 110m to SKr 90m. During the period the parent company was able to reduce its interest-bearing debts by SKr 108m.

Oil lifts Beijerinvest

BY VICTOR KAYFETZ IN STOCKHOLM

BEIJERINVEST, THE Swedish trading, investment and industrial group, reports a 180 per cent jump in first-half sales by its oil-carrying subsidiary, Scandinavian Trading, to SKr 4.51bn ($1.07bn) and a profit increase for total trading operations of SKr 150m to SKr 171m. This accounts for nearly all of the SKr 180m ($42.7m) in consolidated pre-tax profit, compared with SKr 6m for the first six months of 1978.

The group now predicts 1979 pre-tax earnings of about SKr 300m ($71.1m) against last year's SKr 57m. In May, the managing director, Mr. Anders Wall, told the annual meeting that he expected earnings of SKr 100m for the year.

Group sales in the first half rose 87 per cent, from SKr 3.51bn to SKr 6.57bn ($1.56bn). Beijerinvest forecasts turnover in 1979 exceeding SKr 10bn by a good margin.

The group has repurchased and cancelled about SKr 40m worth of its convertible debentures.

PETRO-CANADA

Stage set for a political battle

BY VICTOR MACKIE IN OTTAWA

THE COMBINED Liberal and New Democratic Party opposition has declared its determination to defeat the new progressive Conservative Government early in the new session of Parliament next month over the issue of dismantling Petro-Canada, the federal oil company.

The issue came to a head last week when Mr. Ray Hnatyshyn, the Energy Minister, announced that a review by the Cabinet had confirmed the new Government's election campaign promise to sell off Petro-Canada to private enterprise. The Minister is setting up a four-man task force to advise the Government on just how Petro-Canada should be dismantled which part should be sold and which functions retained by the Government.

Mr. Pierre Trudeau, the Liberal Opposition leader, and Mr. Ed Broadbent, leader of the New Democratic Party, vowed immediately they would try to defeat the new Government if it goes ahead with legislation to "kill" the federally owned C$2.5bn oil company.

However, the Conservatives might just survive a no-confidence vote because Social Credit leader Mr. Fabien Roy, leader of the Social Credit Party, who also sits in opposition, is on record as supporting the break-up of Petro-Canada.

The Government-owned oil company was set up by the former Liberal Government of Mr. Trudeau when he also held a minority position in the Commons. The NDP twisted the Liberals' arm to force it to establish the crown-owned oil agency. But since OPEC has sent oil prices skyrocketing and shortages of oil have developed, the Liberals and the NDP and a few Conservatives have come out strongly favouring the maintenance of the Government-owned oil company.

However, the Tories campaigned against Government interference in the private sector and promised to dismantle Petro-Canada.

The Liberals and the NDP said they were confident a majority of Canadians support Petro-Canada as a Government agency and the Opposition is preparing to take its case to the Canadian people.

Mr. Broadbent told reporters in Ottawa that he will embark on a national tour this week to enlist public support for the survival for the State petroleum firm which was formed by the Liberals in 1973.

Mr. Hnatyshyn, the Energy Minister, told a news conference that all profitable assets of Petro-Canada will be sold to Canadian private interests. He said the Cabinet has decided that such assets would be more effectively managed in the private sector, adding that the Canadian Government will maintain a role in negotiating oil supply contracts with foreign governments.

Chairman of the task force is Mr. Donald McDougall on leave from his post as president of Labatt Brewing. This brought quick criticism from Mr. Broadbent who pointed out that Labatt is controlled by Brascan which has publicly expressed interest in buying Petro-Canada assets. Mr. Broadbent charged it was a clear case of conflict of interest.

The Federal Government's plans to sell off the assets of the state-owned oil company to private interests has met with immediate resistance from the Parliamentary Opposition parties

Gould aiming at Mostek

BY STEWART FLEMING IN NEW YORK

GOULD, the electrical goods group which failed three months ago with a $315m bid for Fairchild Camera and Instrument, is now levelling its acquisition sights on Mostek, a fast-growing Texas electronic circuits manufacturer.

Gould's interest in Mostek first emerged with an announcement from GK Technologies that one of its subsidiaries, Sprague Electric, was selling its entire 21 per cent holding in Mostek to Gould at $42 a share. The total prospective deal was valued at $51.5m.

Sprague had been a shareholder in Mostek since the company was founded but Mr. L. J. Sevin, Mostek's chairman and chief executive, said he had received virtually no advance notice of the prospective agreement. However, Mostek's agreement with Sprague gives it the right of first refusal on the purchase of Sprague's holding. Within 60 days it must buy the shares at the same price as Gould or find a purchaser willing to pay the same price.

Mr. Sevin said that he personally would favour buying in Sprague's holding, but the matter would be discussed at a meeting of the Mostek board. Later, however, Gould revealed that although its agreement to purchase the Sprague-owned stock was "for investment purposes," it may also seek to acquire Mostek. Heavily qualified for legal purposes, the statement did not commit Gould to offering $42 a share for the rest of Mostek.

Mexican banks in London

BY JOHN EVANS

MEXICAN commercial banks are rapidly establishing a presence in London, a centre where few Mexican banks have been represented in the past.

Bancomer SA, the largest privately-owned bank in Mexico has recently opened a branch in the City.

Banco Nacional de Mexico, one of the largest commercial banks in the country, also established a full branch late last month.

The next entry is expected to be Multibanco Comermex, which should open a branch later this year.

Meanwhile, it is felt that a further commercial bank, Serfin, which is currently a member of the London-based Eulabank consortium, may also decide to become directly established in London.

Bancomer officials said the purpose of their branch would be to tap the Eurocurrency market and extend the range of its activities in syndicated loans and other international financings.

Other Mexican bankers say that the growing volume of Mexican foreign trade, particularly in the oil sector, is increasing the attractions of London as a major financial centre for their banks.

The rapid development of the Mexican economy is additionally intensifying banking competition within Mexico, among domestic as well as foreign banks, and bringing a need for greater sophistication among Mexican institutions.

Lower tax charge aids Hooker

By Our Sydney Correspondent

HOOKER CORPORATION, the leading property group, edged profit 3 per cent higher, from A$ 6.8m to A$ 7m (US$ 7.9m) in the year to June 30. The gain was made possible by a reduced tax bill. Operating profit actually fell by 7 per cent, but tax was down from A$3.7m to A$ 2.8m, enabling the higher result to be recorded.

The main factors behind the lower tax provision were benefits arising from rebateable dividends, trading stock valuation adjustment, and tax losses from establishment costs of the U.S. division. The dividend is held at 7 cents a share and is covered by earnings of 11.5 cents a share compared with 11.2 cents in 1977-78.

The directors said profits from real estate activities were slightly lower. Significant increases in earnings from housing and agency were more than offset by a slight decline in profits from land development and a more significant decline in profits from retail, commercial and industrial projects. Profits from other activities were considerably higher, reflecting increased profits from retail stores, pastoral and sand and gravel.

At June 30 there was A$7.99m in deferred revenue profits compared with A$9.22m a year earlier. In addition, the group's share of deferred revenue profits in joint venture companies was A$2.1m compared with A$2.58m previously. Contingent liabilities arising from guarantees to co-stockholders, lenders and others in joint ventures was reduced further, from A$118m to A$113m.

The directors said that on the more severe test of cash flow, adopted by some security analysts, the group cash flow was a positive A$53,000, compared with a negative A$6m in 1977-78. There was some evidence, they added of confidence throughout the community, despite unemployment, and this was being reflected in group activities. The directors expected a satisfactory overall result, in the current year with prospects for growth improving hereafter. They also foreshadowed the likelihood of a listed property trust.

Foreign earnings lift Wormald

BY JAMES FORTH IN SYDNEY

AUSTRALIA'S multinational fire-fighting equipment and security group, Wormald International raised group earnings by 34 per cent in 1978-79, with an increased proportion of sales and profits earned outside the country. Group profit rose from A$15.5m to a record A$20.78m (US$23.5m), lifting earnings per share to 56 cents. The dividend has been raised from 15 cents to 17.5 cents a share.

The directors also announced an issue of A$12.5m of 7.5 per cent cumulative redeemable preference shares, but stressed that the company was not in need of funds, and had ample fund facilities.

The proceeds are to be used to repay short- and medium-term loans and the issue is being made to adjust the group's gearing ratio. Not only will borrowings be reduced, but the preference shares count as capital, thus improving the debt-equity ratio. The issue has been underwritten by the merchant bank, Australian United Corporation, and will be privately placed with institutions.

The directors pointed out that although Wormald is an Australian company, most of its borrowed funds are raised in foreign currencies. "It is important to note that the company has operated within all appropriate borrowing covenants in Australia and exports had increased, but that there had been no growth after allowing for the international capital markets," they said.

Wormald's borrowing have risen because of the group's rapid expansion internationally in recent years through takeovers. Three years ago it acquired the UK group, Mather and Platt for £35m, and early this year paid US$50m for the leading U.S. fire equipment group, Ansul. Wormald now operates in 72 countries.

The latest result was achieved on a 34 per cent rise in turnover, from A$421m to A$563m (US$636m). Earnings rose by 28 per cent in the first half, to A$8.5m, and by 38 per cent in the second half to A$12.2m.

The results of Ansul were included from January 1, and contributed A$2.5m to the group profit. Wormald now records about 60 per cent of sales and profits outside Australia.

The directors said that sales volume had been maintained in Australia and exports had increased, but that there had been no growth after allowing for inflation. The company was well situated to take advantage of the Australian Government's increased export incentives. Profits were buoyed by better showings from Europe and the Middle East, especially Saudi Arabia, where a number of big contracts were underway. Disappointing results were obtained from South American and Japanese operations. Indications, the directors said, pointed to continued profitable growth for the group.

ITC result better than expected

BY P. C. MAHANTI IN CALCUTTA

ITC THE British American Tobacco offshoot in India, which is rated among the top 50 companies in the country, has produced good results for 1978, contrary to market expectations.

Overall profit after tax advanced from Rs 41.2m to Rs 46.3m ($5.8m) on turnover ahead from Rs 3.8bn to Rs 4.2bn ($525m).

Rising cost pressures and an increasing excise burden squeezed margins on the cigarette side, which is the main part of the company's business, but good profit margins on other lines helped profits to rise.

Despite a substantial increase in the equity base during the year, due to dilution and other reasons, the dividend has been maintained at 15 per cent. However with the increase in capital, earnings per share have fallen marginally.

ITC has made a success of its hotel business although it entered the field only three years ago. Starting with only one hotel, it already has 12 such properties and three more are under construction. A marketing services and reservations agreement with Sheraton International is expected to help the company obtain foreign business on an increasing scale and the directors say that the benefits will more than cover the fees Sheraton International will get for its services.

The Indian Government approved the agreement last January, although at one stage the terms had created controversy in parliament.

* * *

Brooke Bond India, the subsidiary of Brooke Bond Liebig, reports a sharply higher pre-tax profit of Rs 85.9m ($10.7m) for the business year to June. The pre-tax profit figure for the previous year was Rs 50.6m.

The company's turnover was only marginally higher at Rs 1.84bn ($230m), compared with Rs 1.82bn in the previous year. But the margin was increased substantially through a rise in the volume of sales of packet tea and instant coffee in the domestic market, by better returns from bulk tea exports and through higher productivity and economies in operation.

Air India forecasts swing into red

By K. K. Sharma in New Delhi

AIR INDIA is expected to make a loss in 1979-80, after making profits for successive years, according to Mr. B. S. Das, its managing director.

Mr. Das said that like other airlines Air India was hit by rising oil prices and its profitability prospects were now "bleak." In 1978-79, Air India made a record net profit of Rs340m ($42m), compared with Rs285m in 1977-78.

Against this "excellent" background, Air India's prospects for the current year had become cloudy because the rise in fuel prices had not been matched by a rise in fares. The rise in the fuel bill by Rs466m would almost certainly wipe out the profits Air India would otherwise have made.

Even if fares went up by 9 per cent to 15 per cent, as proposed, Mr. Das said it would not be enough to compensate for the rise in the fuel bill. The fare rise is subject to Government approval, and Mr. Das hoped that a decision would be taken within a month.

The international airline is currently facing industrial action by its London staff, and this has disrupted services.

Mr. Das said that Air India expected a growth rate in traffic to and from India of 10 per cent to 11 per cent a year in passengers, and of 13 per cent to 15 per cent in cargo over the next decade.

Further growth by Public Bank

By Wong Sulong in Kuala Lumpur

THE PUBLIC Bank Group, the Kuala Lumpur listed bank, is continuing to record high growth rates, with net profits for the first half of this year rising by nearly 35 per cent to 2.35m ringgit ($1.09m).

The bank itself experienced a moderate growth of 13 per cent in profits to 1.23m ringgit, but its wholly owned subsidiary, Public Finance, increased profits by 74 per cent to just over 1m ringgit.

Due to a surplus of office space in Kuala Lumpur, the bank's new 17-storey headquarters building remained substantially unlet.

The group's total deposits increased by 83 per cent to 517m ringgit, with loans and advances rising by 55m to 366m ringgit.

The directors expect second-half results to be in line with those of the first six months.

Chemiequip financing

By K. K. Sharma in New Delhi

CHEMIEQUIP, which manufactures dyes, will enter the capital market on September 19 with an issue of $1,000 equity shares of Rs 10 each at a premium of Rs 1 a share. The proceeds of the issue will be used to finance, in part the company's expansion programme for the manufacturing of reactive dyes in the vinyl sulphone group.

The project will also be financed in part with loans from banks, additional to those from the Industrial Development Bank of India. These have been made on the basis of the good performance of the company, which has declared a 13 per cent dividend for the past three years.

The company's promoters are Mooleband Jeykishandas and Co., which was established in 1896 and has considerable experience in marketing dyes, auxiliaries and mills stores for tha textile industry. Chemiequip was incorporated in 1960, and established its plant at Bombay in 1962 for the manufacture of various kinds of dyes.

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Prepared to co-operate with Import/Export or Warehousing group.

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Old Established

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Box G.4485, Financial Times, 10, Cannon Street, EC4P 4BY.

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BUSINESS AND INVESTMENT OPPORTUNITIES WILL NEXT APPEAR ON FRIDAY 14TH SEPTEMBER

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LADIES CLOTHING

Public Company wishes to purchase for cash or shares established business in ladies clothing with pre-tax profits between £½m and £1m p.a. and continuity of management.

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want to expand by acquisition, merger or other alternative. Prefer to acquire a small company with product and experience in metal fabrication, finishing and light assembly, in or similar to domestic electrical appliances. Companies with sales of £1,000,000 to £5,000,000 are invited to contact in confidence.
Reply to Box G.4465, Financial Times, 10, Cannon Street, EC4P 4BY.

ACQUISITIONS WANTED

A U.S. based research and publications company serving a wide range of companies doing business across national borders is seeking acquisitions that would complement its existing services. Areas of interest:

—Publications, particularly those with coverage of international issues and/or markets.
—Market research companies with specialisation in one or more industries.
—Consulting companies with a strategic planning emphasis.
—Data base vendors, including both on-line and off-line data bases.
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Confidentiality will be ensured on all responses.
Write Box F.1141, Financial Times, 10, Cannon Street, EC4P 4BY.

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Private funds finance the first 5-year growth period and I.C.F.C. are now involved, but longer-term working and development capital is required.
Details will be supplied to principals replying in confidence to the MD and majority shareholder through Box G.4493, Financial Times, 10, Cannon Street, EC4P 4BY

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No limit on amounts.
Very low rate of interest.
Principals only should write to:
Castle Court Securities Ltd., 111A Westbourne Grove, London, W2 4UW.
Tel: 01-727 6474

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COMPANY WITH surplus financial assets seeks opportunities to co-operate with other expanding enterprises for the mutual furtherance of success in both home and export markets. All propositions considered. Write Box G.4466, Financial Times, 10, Cannon Street, EC4P 4BY.

PRIVATE COMPANY requires additional finance—at low risk with high returns. Interested . . . Please telephone Mrs. S. Owes for Appointment. 01-852 0068 between 10.30 a.m.-2.30 p.m.

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Operating Convenience Grocery Stores, Fast Food Outlets and Hot Bread Shops has £1,000,000 available for purchase of FREEHOLD AND LEASEHOLD SITES AND BUSINESS' In South and South East England

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EIU Special Report No. 61

As taxes steadily eat their way into corporate profits and disposable personal incomes, tax havens offer an opportunity of avoiding some or all of the burden. This report shows what individual havens have to offer both companies and individuals.

Price £20. Payment with order please to: The Economist Intelligence Unit, Subscription Dept. (FT), 27 St. James's Place, London SW1A 1NT.

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COMPANY NOTICES

DIVIDEND NOTICE
TO THE HOLDERS OF
EUROPEAN DEPOSITARY RECEIPTS FOR
COMMON STOCK OF

TRIO KENWOOD CORPORATION

(formerly Trio Electronics Inc.)
DESIGNATED COUPON NO. 38
(Action required on or prior to 31st December, 1979)

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of May 1st, 1970, among Trio Kenwood Corp. (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE that at the general meeting of stockholders of the Company held in Tokyo, Japan, on 10th August, 1979, such stockholders approved the payment of a dividend of 6.5 Yen per share of Common Stock.*

The Dividend on the shares of Common Stock of record on Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese Taxes, has been received by the Custodian, as agent for the Depositary, and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 217.05 Yen per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Malaya, Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the Republic of Korea, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to a 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such countries and companies organised thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.**

To determine entitlement to the lesser tax withholding rate of 15%, it is necessary that the surrender of Coupon No. 38 be accompanied by a properly completed and signed certificate (copies of the form of which are obtainable at the office of the Depositary in London or any Subdepositary) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 38. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Subdepositary listed below, upon the surrender of Coupon No. 38.

SUBDEPOSITARIES

Name	Address
Chemical Bank	Frankfurt/Main, Germany
Banque Internationale à Luxembourg	Luxembourg City, Luxembourg
Pierson, Heldring & Pierson	Amsterdam, The Netherlands

The following table sets forth the amounts payable upon presentation of Coupon No. 38 from the various denominations of Receipts.

Coupon No. 38 detached from Receipts in the denomination of:	Dividend payable (less 15% Japanese Withholding tax)	Dividend payable (less 20% Japanese Withholding tax)
1 Depositary Share	0.17	0.16
10 Depositary Shares	1.76	1.65
50 Depositary Shares	8.81	8.29
100 Depositary Shares	17.62	16.58

Payment in United States Dollars in respect of Coupon No. 38 will be made by United States Dollar check drawn on, or transfer to a United States Dollar account maintained by the payee with, a bank in New York City.
Dated 12th September, 1979

CHEMICAL BANK, as Depositary
180 Strand, London WC2

* 20th May, 1979, has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 38 attached.

** Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deems appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after 31st December, 1979, the excess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupons No. 38.

As a result, persons surrendering Coupon No. 38 after such date will be entitled to receive from the Depositary or any Subdepositary a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realize such entitlement) to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary.

PUBLIC NOTICES

SOUTH EASTERN ELECTRICITY BOARD REVISION OF TARIFFS

Pursuant to Section 37 of the Electricity Act 1947, as amended by Section 14 of the Electricity Act 1957, the Board hereby gives notice that it has fixed the following tariffs:—

i. Standard Domestic Tariff
ii. Economy 7 Domestic Tariff
iii. White Meter Domestic Tariff
iv. Flat Rate Tariff
v. Off Peak Tariff
vi. Business Tariffs
vii. Maximum Demand Tariffs

Tariffs i – vi listed above shall have effect from the dates of the first normal meter readings taken after 31st August 1979 or the dates on which these readings would ordinarily have been taken whereupon the corresponding present tariffs shall cease to have effect.

The Maximum Demand Tariffs shall have effect from the date of the normal meter reading nearest to 1st September 1979 or the date on which this reading would ordinarily have been taken whereupon the existing Maximum Demand Tariffs shall cease to have effect.

Copies of the new tariffs will shortly be available in all Seeboard shops and offices.

D. A. GREEN, Secretary.

329 Portland Road, Hove, East Sussex, BN3 5LS
August 1979

SEEBOARD
SOUTH EASTERN ELECTRICITY

COMPANY NOTICES

STANDARD OIL COMPANY

UA 40,000,000 8% 1973/1988

On August 23, 1979, Bonds for the amount of UA 1,600,000 have been drawn in the presence of a Notary Public. This amount represents the annual amortization instalment of UA 800,000 plus a prepayment of the same amount pursuant to the terms and conditions of the Bonds.

The following Bonds will be reimbursed coupon due October 15, 1980, and following attached:

4170 to 4372 incl.
4390 to 4679 incl.
4631 to 4687 incl.
4661 to 5021 incl.
5020 to 5274 incl.
5288 to 5459 incl.
5591 to 5523 incl.
5559 to 5750 incl.
5765 to 5881 incl.

Amount unamortized: UA 22,600,000.
Outstanding drawn Bonds:

29026 to 29037 incl.
29050 to 29052 incl.
29077 and 29076
29260 to 29264 incl.
29367 to 29465 incl.
29571 to 29505 incl.
30071 to 30074 incl.
30234 to 30237 incl.
30071 to 30076 incl.
30234 to 30737 incl.
30436 to 30488 incl.
30512 to 30518 incl.
30647 to 30653 incl.

The Trustee
FINIMTRUST S.A.

Luxembourg,
September 6, 1979.

CITY OF OSLO

8¾% 1975/1985 UA 25,000,000 Loan

UA 750,000 have been drawn on August 23, 1979, in the presence of a Notary Public for redemption on October 15, 1979.

The following Bonds will be reimbursed coupon due October 15, 1980, and following attached:

22918 to 23667 incl.
Amount unamortized
UA 22,000,000

Outstanding drawn bonds
2004 to 2015 inc. 2103 to 2107 incl. 2196. 11063 to 11077 incl. 11152 to 1157 incl. 11176 and 11177. 11201. 11221 to 11227 incl. 11424 to 11428 incl. 11590. 19860 to 19864 incl. 19876 to 19885 incl. 19908 to 19912 incl. 20015 and 20016. 20031 to 20035 incl. 20068. 20074 20171 to 20747 incl. 20198 and 20199 20201 to 20203 incl. 20206 to 20217 incl. 20220 and 20221. 20305 to 20308 incl. 20337 and 20338. 20390. 20522. 20529 and 20530 20557. 20576 and 20577.

The Fiscal Agent
KREDIETBANK S.A.
Luxembourgeoise.

Luxembourg.
September 6, 1979.

WORLD STOCK MARKETS

Wall St. edges ahead in active early dealings

INVESTMENT DOLLAR PREMIUM

\$2.60 to £1— 30¾% (29½%)

Effective \$2.2455 12¾% (11½%)

OIL STOCKS and take-over targets continued to provide most of the interest as the Wall Street stock market edged higher yesterday morning in another active business.

The Dow Jones Industrial Average was 1.02 firmer at 875.17 at 1 p.m., while the NYSE All Common Index gained 19 cents

Closing prices and market reports were not available for this edition.

to \$61.58 and advances led declines by a small margin. Turnover amounted to 20.55m shares, compared with last Friday's 21.05m.

Analysts said investors are hopeful that the recent sharp rise in interest rates may have brought their ultimate peak closer, although the Prime Rate is still expected to move higher. Most major banks have posted Prime Rates of 12½ or 12¾ per cent.

Reports on July consumer credit and August retail sales were due to be announced later in the day, which may shed more light on whether consumers will contribute to the economic downturn. An economic slowdown is expected to hasten a peak in interest rates.

Six of the 10 most active stocks were Oils. Volume leader Gulf Oil, up ⅞ at \$34, continued to advance on its Canadian subsidiary's stake in the Kopanoar well in the Beaufort Sea. Gulf Canada added ½ at \$80½ in active American Stock Exchange trading.

Louisiana Land and Exploration rose ⅞ to \$36½. A block of 352,000 shares were traded at \$36. Louisiana Land has found gas in a Louisiana wildcat well. A Louisiana Land subsidiary also holds a 15.5 per cent stake in an oil and gas discovery in the Gulf of Mexico. McMoran Oil and Gas, which holds the major stake in the find, jumped 2⅜ to \$33 before a trading halt.

Harrah's put on ⅝ to \$31⅞. Directors of Harrah's and Holiday Inns have approved an agreement by which Holiday Inns, which gained ⅛ to \$21⅞, will buy Harrah's for \$35.50 a share.

THE AMERICAN SE Market Value Index climbed 1.05 further to 223.64 at 1 p.m. in another large turnover. Volume 3.35m shares (3.50m).

Canada

After last Friday's strong performance, stock prices mainly reacted in further active early trading yesterday, but Oil issues continued their uptrend.

The Toronto Composite Index, up 30.9 on Friday, shed 4.1 to 1,721.2 at midday yesterday, while Golds receded 9.5 to 2,131.5 and Metals and Minerals 4.9 to 1,500.8. The Oils and Gas index, in contrast, followed Friday's 207.9 advance with a fresh gain of 26.8 to 3,324.0.

In Montreal, Banks retreated 4.32 to 315.26, Papers 1.55 to 181.96 and Utilities 1.92 to 245.85, but Industrials moved up 2.67 to 306.93.

Although expected, analysts said the Bank of Canada's increase in Bank Rate to 12¼ per cent from 11¾ caused some downward pressure on trading.

Among Oils, Gulf Canada rose C\$2 to C\$94, BP Canada C\$3½ to C\$38½, Imperial Oil "A" ¾ to C\$41½ and Asamera Oil ⅞ to C\$20½. Dome Petroleum, the most active Toronto issue on 203,613 shares, put on ⅞ to C\$55¼.

In lower Gold issues, Dome Mines lost 1½ to C\$51½ and Kerr Addison C\$1 to C\$10¾.

Tokyo

The market presented a mixed appearance yesterday following a moderate turnover. Declining issues narrowly led gains, but the Nikkei-Dow Jones Average put on 11.92 to 6,410.41 and the Tokyo SE index 0.23 to 452.30. Volume came to 230m shares, against last Friday's 290m.

Machine Manufacturers and Heavy Electricals advanced as investors reacted favourably to reports that Japanese companies have upward revised fiscal 1979 equipment investment plans.

Okuma Machinery rose Y12 to Y552, Hitachi Seiki Y5 to Y335, Toshiba Y2 to Y155 and Fuji Electric Y5 to Y200.

Cameras firmed on good earning prospects, with Nippon Kogaku gaining Y13 to Y480 and Olympus Y22 to Y845. Canon, however, were a yet Y5 down at Y531 on late profit-taking after a firm start.

Recently-neglected Oils steadily improved on speculative buying. Arabian Oil moved ahead Y30 to Y3,260 and Toa Nenryo Y9 to Y948.

Light Electricals tended higher, Pioneer Electronic hardening Y20 to Y1,990, but Motors retreated on profit-taking. Honda Motors declined Y14 to Y574 and Nissan Motors Y7 to Y681.

Australia

Markets were firmer-inclined, with selected Mining issues moving strongly ahead. The Sydney All Ordinaries index climbed 3.24 to 662.89, while the Metals and Minerals sub-group advanced 47.47 to 3,616.41.

Special sales involving leaders dominated trading. There was a share deal worth A\$11.4m completed in BHP involving 1.17m shares changing hands at A\$9.75. In the market, BHP fell 21 cents to A\$9.94 during the morning, but on renewed support later recovered to A\$10.10, only 5 cents off on the day.

Associated Pulp and Paper Mills firmed a further 3 cents to A\$2.30 on the increased profits and dividend, announced last Friday, and the take-over of Tasmanian Pulp and Forest Holdings.

Bundaberg Sugar gained 10 cents to A\$5.20, but Pioneer Sugar eased 5 cents to A\$1.75.

Among Coal Producers, Oakbridge rose 15 cents more to A\$2.15 on fresh speculative buying.

Elsewhere in Minings, Hamersley strengthened 17 cents to A\$3.25, Renison Tin 20 cents to A\$12.70, Peko-Wallsend 16 cents to A\$6.56, EZ Industries 10 cents to A\$4.00 and North Broken Holdings 7 cents to A\$2.15.

Germany

Most leading shares finished with narrow irregular movements after an average turnover. The Commerzbank Index was just a shade down at 766.4.

However, Steels were noteworthy for Thyssen, which rose DM 1.90 to DM 93.90 on announcing an increase in turnover for the first nine months of its year to September 30. Outstanding bright spots elsewhere were Electricals concern Siemens, up DM 3.50 at DM 265.60, and Stores issue Horten, DM 3.50 higher at DM 133.00.

On the Domestic Bond market, Public Authority Loans were also narrowly mixed. The Bundesbank sold DM 6.1m nominal of paper in open market operations after sales of DM 1.8m last Friday.

Mark-denominated Foreign Loans were steady.

Paris

Stocks were inclined to gain further ground in active trading, leaving the Bourse Industrials index 1.1 higher at a new peak for the year of 95.4.

Oils, after last week's upsurge, showed fresh gains yesterday. Elf Aquitaine added FFr 10 at FFr 1,065 after reporting almost doubled first-half profits last Friday. Cie Petroles put on FFr 4.3 to FFr 244.8.

Properties, Investment Trusts, Motors and Chemicals were steady and Department Stores mixed, but all other sectors improved.

L'Oreal advanced FFr 30 to FFr 716, Legrand FFr 40 to FFr 1,700 and Poclain FFr 7.9 to FFr 293.9.

Hong Kong

The market was featureless in quiet trading, with local activity again centred on the Gold Exchange. The Hang Seng index shed 2.13 to 594.34.

Among Properties, Sun Hung Kai Properties were unchanged at HK\$11.80 despite last Friday's announcement of higher consolidated profits and dividend. Hong Kong Land lost 10 cents to HK\$9.40.

Jardine Matheson receded 10 cents to HK\$11.00, while Hongkong Bank, HK\$13.70, and Hongkong Wharf, HK\$36.25, were both unaltered. In Utilities, China Light declined 10 cents to HK\$19.70.

Amsterdam

Shares were easier for choice in light dealings.

Akzo improved a shade in otherwise easier Dutch Internationals.

Heineken lost Fl 1.50 to Fl 82.00 despite introducing a Fl 1.50 interim dividend after slightly higher nine-months results. Van Ommeren, KLM and Ahold lost more than 1 guilder apiece, but DSM, ABN, Naarden, RSV and HVA gained 1 guilder or more.

State Loans declined afresh.

Johannesburg

Gold shares scored good gains in moderate trading in response to higher Bullion prices. There was some Overseas interest.

Mining Financials also improved, while Platinums were sharply higher with Rustenburg up 15 cents at R3.18.

NEW YORK

Stock	Sept. 7	Sept. 6
Abbotts Lab	33½	33⅛
AM International	17½	17⅜
Adobe Oil & Gas	34¾	34⅞
Aetna Life & Ga	53¼	53⅛
Air Products	21⅝	31¾
Alcan Aluminium	32⅛	38⅝
Alcoe	38⅛	33½
Alleg. Ludlum	23¼	23¼

Stock	Sept. 7	Sept. 6
Control Data	45⅞	43⅝
Cooper Indus	37½	37⅜
Corning Glass	31¼	63⅞
CPC Int'rnatlan'l	63¾	63¾
Crane Co	33	34⅝
Crocker Natl	32¾	32⅞
Crown Zellerb'h	37¾	38
Cummins Engine	54	36
Curtiss Wright	12¾	17

Stock	Sept. 7	Sept. 6
Johns Manville	20	26⅛
Johnson Johnson	74¾	74⅛
Johnson Control	27⅜	27⅞
Jostens	20⅛	20¼
Joy Manufacturg	21	31
K. Mart	27¼	26⅞
Kaiser Aluminum	20½	20⅜
Kaiser Industries	2⅛	2⅛
Kaiser Steel	41⅞	41½
Kaneb Services	18⅛	18⅛

Stock	Sept. 7	Sept. 6
Revlon	51¼	51⅛
Reynolds Metals	33⅝	36⅛
Reynolds (R.J.)	01⅝	61⅝
Rich'son Merrell	24⅛	24
Rockwell Inter	41½	41½
Rohm & Haas	43⅝	43¼
Rolm	21⅝	21⅝
Royal Dutch	73	75½
RTE	10⅛	10⅛
Ross Togs	10⅜	10¼

Stock	Sept. 7	Sept. 6
Williams Co	23⅝	22⅝
Wisconsin Elect	25¼	25¼
Woolworth	28¼	27⅝
Wyly	6⅝	2½
Xerox	06⅝	65
Zapata	21⅜	20⅝
Zenith Radio	12¼	13¼
U.S. Treas. 4% 80	†97	†27
USTreas4¼%75/85	†81¼	†81¼
U.S. 90 day bills	10.29%	10.60%

CANADA

Stock	Sept. 7	Sept. 6
Abitibi Paper	20⅝	20½
Agnico Eagle	7⅞	7⅞
Alcan Aluminium	46⅞	45¼
Algoma Steel	30	29½
Asbestos	†42⅝	†42½
Bank Montreal	24⅛	24½
Bank NovaScotia	24½	24⅝
Bell Telephone	22¼	22
Bow Valley Ind	40⅝	32½
BP Canada	36¼	32⅛
Brascan	24¼	23½

NOTES: Overseas prices shown below exclude \$ premium. Belgian dividends are after withholding tax.

♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.

♥ Pta 500 denom. unless otherwise stated.

♣ DKr 100 denom. unless otherwise stated.

◊ SwFr 500 denom. and Bearer shares unless otherwise stated.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 1785

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hill Samuel	§14 %
Amro Bank	14 %	C. Hoare & Co.	†14 %
American Express Bk.	14 %	Julian S. Hodge	15 %
Henry Ansbacher	14 %	Hongkong & Shanghai	14 %
A P Bank Ltd.	14 %	Industrial Bk. of Scot.	14½%
Associates Cap. Corp.	14 %	Keyser Ullmann	14 %
Banco de Bilbao	14 %	Knowsley & Co. Ltd.	15½%
Bank of Credit & Cmce.	14 %	Lloyds Bank	14 %
Bank of Cyprus	14 %	London Mercantile	14 %
Bank of N.S.W.	14 %	Edward Manson & Co.	15 %
Banque Belge Ltd.	14 %	Midland Bank	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Samuel Montagu	14 %
Barclays Bank	14 %	■ Morgan Grenfell	14 %
Bremar Holdings Ltd.	15 %	National Westminster	14 %
Brit. Bank of Mid East	14 %	Norwich General Trust	14 %
■ Brown Shipley	14 %	P. S. Refson & Co.	14 %
Canada Perm't Trust	14 %	Rossminster	14 %
Cayzer Ltd.	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Cedar Holdings	14 %	Schlesinger Limited	14 %
■ Charterhouse Japhet	14 %	E. S. Schwab	15 %
Choulartons	14 %	Security Trust Co. Ltd.	15 %
C. E. Coates	14 %	Shenley Trust	16 %
Consolidated Credits	14 %	Standard Chartered	14 %
Co-operative Bank	*14 %	Trade Dev. Bank	14 %
Corinthian Secs.	14 %	Trustee Savings Bank	14 %
Credit Lyonnais	14 %	Twentieth Century Bk.	15 %
The Cyprus Popular Bk.	14 %	United Bank of Kuwait	14 %
Duncan Lawrie	14 %	Whiteaway Laidlaw	14½%
Eagil Trust	14 %	Williams & Glyn's	14 %
English Transcont.	14 %	Yorkshire Bank	14 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 11½%, 1-month deposits 11¾%.

† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000, 12% and over £25,000 12¼%.

‡ Call deposits over £1,000 11½%.

§ Demand deposits 11½%.

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

MONTREAL

TORONTO Composite

JOHANNESBURG

FRIDAY'S ACTIVE STOCKS

GERMANY ♦

TOKYO ¶

AUSTRALIA

STOCKHOLM

OSLO

JOHANNESBURG

Financial Rand U.S.\$0.88½ (Discount of 26%)

SPAIN ♥

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ◊

COPENHAGEN ♣

MILAN

BRAZIL

VIENNA

COMMODITIES AND AGRICULTURE

French cut maize crop estimate

PARIS — French 1979/80 maize production will total 10.5m tonnes compared with 9.6m last year, the French Agriculture Ministry said in its latest estimate, reports Reuter.

On August 8, it put maize production at 10.9m tonnes and on August 28 the French Maize Producers Association forecast a crop of 10.7m tonnes.

The Ministry said the crop was generally in good condition but late sowings were of mixed quality, particularly in the south west.

The Ministry raised its estimate for the 1979/80 barley crop to 10.8m tonnes from 10.7m on August 8, which compares with 11.41m last season.

Soft wheat production in 1979/80 will total 17.1m tonnes against 20.74m last season and 16.9m estimated on August 8, the Ministry said, while hard wheat production will reach 275,000 tonnes against 314,000 last season and 300,000 forecast last month.

Dry weather in July and August did not seriously affect crops and harvesting was carried out in good conditions south of the Loire, but less easily in the north.

In Rome, meanwhile, the UN Food and Agriculture Authority predicted that world wheat and coarse grain production this year would be well down on last year's record of 1.15bn tonnes.

But it said the decline would be less than previously expected because of improved weather conditions in the U.S., China and Europe.

UK advertising campaign for Danish food

By Our Commodities Staff

DANISH AGRICULTURAL Producers (DAP) Denmark's main farm produce exporter, will launch an £843,000 attack on the British food market this autumn.

The campaign, planned to include television, poster, newspaper and magazine advertising, will push bacon, frozen meat products and butter.

The frozen meat products campaign will cost £100,000 and will cover bacon fingers, bacon burgers and beef burgers.

DAP is also adding £32,000 of radio advertising to the £260,000 worth of television advertising planned for the autumn Lurpack butter "Girl Talk" campaign, the start of which has been delayed because of the ITV strike.

Copper prices advance as stocks fall again

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES advanced strongly on the London Metal Exchange yesterday, reversing the downward trend at the end of last week.

Cash wirebars gained £17 to £919.5 a tonne and increased its premium over the three months quotation that was £12 higher at £908.5. At one stage cash wirebars reached £928 before falling back on profit-taking.

"Bullish" sentiment was encouraged by confirmation of yet another fall in copper stocks held in LME warehouses. The stocks declined 2,500 tonnes reduced total holdings to 158,350 tonnes.

Stocks have now fallen for the 37th week in succession from the beginning of the year when they totalled more than 375,000 tonnes. A year ago they were 435,000 tonnes.

Traders point out that a large proportion of the warehouse stocks are either held by dealers, against forward commitments, or long-term investors. So there is a potential shortage of supplies available to the market, which appears to be worsening. It is thought that the fall in stocks might have been greater but for the strike affecting shipments out of Rotterdam.

Tin stocks were down again by 685 to 3,510 tonnes—a bigger decline than expected. This aided firm trend in the tin market, despite a slight fall in Penang over the weekend.

A fall of 25 tonnes in lead stocks, reducing total holdings to 26,150 tonnes, had little impact on the market, but prices were sustained by trade buying interest until easing back in line with other metals in the afternoon.

The decline in zinc stocks of 1,225 tonnes to 51,750 tonnes was also in line with expectations. However, the market was bolstered up by the news that Hoboken, the big Belgian producer, was following the lead set by Preussag, the West German smelters, in cutting back output to bring supply closer in line with demand.

Other zinc producers have been slow to follow Preussag's initiative partly because they are uncertain about the extent of the Preussag cutback. It was stated to be 15 per cent, but it was not made clear whether this was based on capacity or actual production.

Aluminium prices lost ground, despite a fall in warehouse stocks—down by 450 to 14,400 tonnes, and news on Friday that Alcan was raising its domestic U.S. price by 2.5 to 80.5 cents a pound — the maximum rise allowed under the U.S. anti-inflation guidelines.

The ending of the lengthy strike at the Alcan smelters in Quebec has stilled fears of real shortage developing, so the decline in LME warehouse stocks may be reversed.

Nickel stocks rose by 30 to 6,384 tonnes. LME silver holdings increased by 560,000 to 17,980,000 ounces.

Trading activity was much quieter in the silver market compared with last week's feverish trading. Latest turnover figures issued by the London Metal Exchange show that trading in silver jumped to 422,140,000 ounces in the first eight months of the year compared with 255,470,000 in the same period last year. This was, of course, before the tremendous upsurge last week.

Russia catches less Norway cod

BY FAY GJESTER IN OSLO

RUSSIA APPEARS to have moved a significant part of its fishing fleet out of North East Atlantic waters and over to the Pacific. Reported Russian catches in the Barents Sea are sharply down on a year earlier, Norwegian trawlers fishing in Russia's economic zone report seeing far fewer Russian boats there, and fewer Russian vessels have been observed in Norway's economic zone.

A Norwegian trade magazine says the fall in Russian catches is particularly marked in the case of Arctic cod.

In 1978, with a permitted quota of 380,000 tonnes of cod, the Russians took only 310,000 tonnes. This year their quota is 285,000 tonnes, but in the first half of 1979 they took only about 70,000 tonnes.

If, as in last year, they take less during July to December than during January to June, they could end the year with a total catch of only just over 100,000 tonnes—nearly 200,000 tonnes less than their allowable catch.

The magazine says the Russians are believed to have sent parts of the fleet that usually work in the Barents Sea to the Pacific to fish for Alaska's pollock. Some units have even been sent to the Antarctic and the moves have affected ships from both the Murmansk and Riga fleets.

If the Russians are deliberately fishing less Arctic cod this is in line with the stand they took at quota talks in Oslo last November where, in order to rebuild stocks, they advocated sharper cuts from 1978 quotas than Norway was willing to accept.

In the end the joint Norwegian-Soviet Fisheries' Commission fixed the 1979 total allowable catch for cod at 650,000 tonnes—150,000 tonnes less than the 1978 quota, but 190,000 tonnes more than recommended by the International Council for the Exploration of the Seas (ICES). This was to be split 50-50 between Norway and Russia.

A Norwegian Fishing Ministry official said recently that ICES experts were advocating further big quota cuts for many species of fish in 1980, including virtually halving the Arctic cod quota.

Fishing deal under fire

By Our Commodities Staff

A FISHERIES deal reached last week between Australia and Japan has come under fire from the Japanese fishing industry.

Under the terms of the deal, the Japanese will pay $A1.4m a year for the right to catch 11,000 tonnes of fish inside Australia's newly declared 200-mile limit.

But the Japan Bonito and Tuna Fishing Association thinks this price is too high, reports Radio Australia News, and claimed it would force some Japanese fishing boats out of Australian waters.

India to establish foreign tea warehouses

By Our Own Correspondent

NEW DELHI — India is to establish overseas warehouses in support of its campaign to sell more tea.

This was decided by the Government after discussing increasing exports in view of the decline in tea production in other countries.

Production of tea in India has also declined but this is not expected to affect exports which reached a record 166.25m kilos in the 1978-79 season.

In the first three months of the current season, Indian tea exports rose by a third compared with the same period last year.

In Colombo meanwhile, tea trade sources told Reuter that about 2m kilos of Sri Lankan tea were lying in warehouses because of lack of buying interest following the doubling of the official "floor" price.

In an effort to encourage the production of high quality tea, the Government recently raised the "floor" from Rs4 to Rs8 a kilo.

But buyers have resisted the higher prices and sellers have withdrawn consistently large quantities at weekly auctions since the price was raised in July.

New chairman for Wool Corporation

CANBERRA — Mr. David Asimus has been appointed chairman of the Australian Wool Corporation (AWC), Mr. Ian Sinclair, Primary Industry Minister, said here.

Mr. Asimus has been acting chairman since the death of his predecessor, Mr. Alf Maiden, on July 30. He was deputy chairman of the AWC from 1975 and his appointment as chairman runs until July 29, 1983, Mr. Sinclair said.

Reuter

Ghana cocoa purchases

ACCRA — The Ghana Cocoa Marketing Board purchased 1,094 tonnes of cocoa beans in the seventh week of the 1979 mid-crop season, ending September 6, against 1,155 tonnes last week. Reuter

DRIED FRUIT

Demand lower, but prices still rise

BY A CORRESPONDENT

CHRISTMAS SHOPPERS will be paying higher prices for dried fruit this year than ever before.

Although Britain remains the world's largest importer of dried fruit, chiefly from Australia, Greece, Turkey and the U.S., its annual intake of more than 100,000 tons is steadily shrinking.

Prices were pushed up last year by a shortfall of some 65,000 tonnes in California's dried fruit crop, which normally runs to about 200,000 tonnes, and are destined to stay at a rarified £850 to £900 a tonne at least until after customers have topped up their Christmas buying towards the end of the year.

A return to more modest levels must also depend on the weather. A shortfall in any of the major producing countries would, world stocks now being nil, prolong these prices until reserves begin to build up again.

Dried fruit growers are therefore earning handsome returns while their products are steadily losing popularity. In America, values have soared to as high as £1,500 a tonne.

It seems an age since the dried fruit industries of Australia, Greece and Turkey met annually to set prices, with Australia rebuking its co-signatories when they were caught, as they often were, infringing the agreement with various forms of price-cutting.

Today no such pretences survive. The market is the only arbiter, and, though as fickle and sensitive as for any other commodity, it has been behaving generously towards a product that in the long-term would seem to favour the buyer rather than the seller. Nor does Australia now bother with the sales promotion that absorbed so much time and money 10 or more years ago. It has been found not to matter.

Britain is still way ahead of the next two largest dried fruit importers, Russia and Germany, but its importance as an outlet is expected to shrink as eating habits swing away from fruitcakes and kitchen-bound housewives are replaced by a less domesticated generation. It is unlikely, however, that the sultana will be penalised in the UK market by the slow fall in demand.

Australia long ago embarked on a search for alternative markets against the day when dried fruits would go the way of other Australian farm exports since Britain joined the EEC. From once supplying up to 25,000 tonnes annually, or about a quarter of UK requirements, Australia's contribution had shrunk by this year to around 4,500 tons.

Already suffering the disadvantage of a 4 per cent tariff to which Greece and Turkey, as "poor nations," are immune, the Australian industry feels that even the present trickle to Britain may not be worth while once Greece becomes the Community's next member.

But Mr. C. Green, head of Australian Dried Fruits (Europe), is optimistic.

"There will always be an opening here for Australian fruit because Greece and Turkey cannot supply it all. And Australian sultanas are the best in the world just as Californian are the best raisins," he said last week.

If U.S. dried fruit production recovers this season and quantities of between 30,000 and 50,000 tons once more reach export markets, prices should return to normal.

But with Australian sultanas receding, Greek—and later possibly Turkish—supplies come under the Common Market influence that has historically tended to raise rather than reduce prices to consumers, the prospects are that buyers will be paying more for less and the price-cutting that marred the industry's past will probably reverse.

Clash over NZ meat exports

BY DAI HAYWARD IN WELLINGTON

THE NEW ZEALAND Meat Producers Board has clashed with the country's biggest exporter, Waitaki New Zealand Refrigeration Company, because the meat company tried to break away from the Board's control over shipping New Zealand lamb to Britain.

For 57 years the Board has controlled shipping and negotiated freight rates with the British Conference Line. All companies carrying lamb to the UK belong to the Conference and all apply the same freight rate which is negotiated with the Meat Board.

Waitaki, however, wanted to send a sizeable proportion of its exports on a Belgium-owned charter ship which is offering a 10 per cent reduction on the cost of bringing New Zealand lamb to Britain and consigned 37 counter loads of lamb on the Antwerpen due to sail for Southampton and Hamburg early in September.

Days of discussions and warnings from the Board did not move the meat company and the Board finally used its legal powers to seize Waitaki's entire meat stock. During the season this would be worth about NZ$40m (£18m).

The continually escalating cost of shipping meat to Britain has been a source of criticism and intense frustration from the New Zealand lamb growers over the past decade.

The Board has been conscious of the effect of rising costs. Ironically, it now finds itself in the position of having to threaten and, finally, take action to stop a meat company—usually regarded by producers as the bad boys of the meat industry—moving to bring freight rates down.

However, the Board is adamant that control of shipping and the power to negotiate the freight rate is ultimately in the best interests of both the New Zealand lamb producer and the British butcher.

The British butcher seems best served by a regular supply of lamb with no sudden floods of meat or shortages. Only by controlling shipments can the Board do its best to ensure this, it says.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Advanced on the London Metal Exchange as trade and speculative buying took the price up from a start of £897 initially helped by the fall in warehouse stocks. There was good two-way business around £900 and the tightness of the nearby position brought in covering. When a chart point was passed at £905-£908, more speculative covering was induced and the rise was well-supported by the trade. The close on the Kerb was £917. Turnover 14,350 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars				
Cash	916-8	+10	919-.5	+17
3 months	911-2	+13	908-9	+11
Settlem't	918	+11	—	
Cathodes				
Cash	890.2	+25.5	886-8	+15.5
3 months	893.5	-19.2	889-.5	+14
Settlem't	892	+25	—	
U.S. Smt.	—		*92-71	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £922, 24, 25, 26, three months £900, 1, 2, 3, 2.5, 3, 5, 6, 7, 8, 9, 11, 12. Kerbs: Wirebars three months £910, 13, 14, 15, 16, 15.5, 16, 15. Afternoon: Wirebars cash £922, 19, three months £910, 11, 12, 9, 8, 9, 8, 9. Cathodes cash £887, three months £890. Kerbs: Wirebars three months £911, 12, 15, 16, 17, 15, 16.

TIN—Steady in routine trading with the greater-than-expected fall in warehouse stocks the only feature. After starting at £6,700, forward metal rose to £6,820 in the afternoon, the price slipped to £6,800 but then closed on the Kerb at £6,820. Turnover 1,090 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade				
Cash	6880-900	+82.5	6650-60	+47.5
3 months	6825-35	+77.5	6810-15	+45
Settlem't	6900	+80	—	
Standard				
Cash	6880-90	+87.5	6650-60	+47.5
3 months	6825-30	+82.5	6810-5	+50
Settlem't	6890	+90	—	
Straits E.	$1556	-8	—	
NewYork	—			

Morning: Standard cash £6,880, three months £6,825, 28, 30. Afternoon: Standard cash £6,840, 60, 50, three months £6,800, 6,790, 6,800, 10. Kerbs: Standard three months £6,820.

LEAD—Advanced throughout the day after forward metal had started at £533. The market was slightly stimulated by light trade buying and the price closed on the Kerb at the day's high of £547. Turnover 5,300 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	540-1	+12	538-40	+5.5
3 months	541-2	+12	540-1	+6
Settlem't	541	+12	—	
U.S. Spot	—		*58	

Morning: Cash £541, three months £536, 42, 41, £542, 43. Afternoon: three months £540, 41, 43, 42, 41. Kerbs: three months £541, 42, 43, 44, 45, 46, 47.

ZINC—Firmer, following the lead market. Forward metal climbed from £316 to £322 before news that Hoboken was cutting production lifted the price to £326. The close on the kerb was £323.5. Turnover 2,350 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	318-4	+11.5	310-2	+1.5
3 months	322-3	+11	320-1	+1
Settlem't	314	+11	—	
Primw'st	—		*55-7	

Morning: three months £320, 18, 17, 18, 20, 21, 22. Kerbs: three months £321, 22. Afternoon: three months £320, 21, 22, 23. Kerbs: three months £320, 22, 24, 25, 24, 23.

ALUMINIUM—Little changed in quiet trading as forward metal started at £703 and rose to £711, influenced by copper. Thereafter the price held around the level and closed on the Kerb at £711.5. Turnover 7,150 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	718-8	+7	715-8	+5
3 months	711-.5	+7	709-10	-1

Morning: cash £718, three months £711. Kerbs: three months £713. Afternoon: cash £715, three months £712, 10. Kerbs: three months £712.

NICKEL—Slightly easier as forward metal slipped back after rising in the morning from £2,670 to £2,700. Lower values prevailed in the afternoon in routine trading and the close on the Kerb was £2,665. Turnover 814 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2050-60	-25	2620-30	-40
3 months	2070-80	-80	2060-70	-20

Morning: three months £2,690, 80, 70. Afternoon: cash £2,630. Kerbs: three months £2,670.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

CORAL INDEX: Close 475-480.

INSURANCE BASE RATES

† Vanbrugh Guaranteed .... 12 %
† Property Growth 11¼%
† Address shown under Insurance and Property Bond Table.

SILVER

Silver was fixed 20.5p an ounce higher for spot delivery in the London bullion market yesterday at 542.3. U.S. cent equivalents of the fixing levels were: spot 1,220.0c, up 47.9c; three-month 1,241.5c, up 41.8c; six-month 1,251.5c, up 35.5c; and 12-month 1,277.4c, up 32.0c. The metal opened at 531-535½p (1195-1205c) and closed at 536½-541p (1,205-1,215c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	545.30p	+20.8	524p	+18.2
3 months	554.00p	+19.8	551.5p	+15.0
6 months	560.00p	+15.7	—	—
12months	575.65p	+14.1	—	—

LME—Turnover 115 (440) lots of 10,000 ozs. Morning: Three months 554, 55, 54.5. Kerb: Three months 554.5, 4.2, 4.5. Afternoon: three months 547, 48, 8.5, 50, 51, 1.5. Kerb: Three months 551.5, 52, 51.5, 52.

COCOA

Continuous short covering throughout the day caused cocoa futures to remain steady in mixed trading conditions closing with gains £15-£20, reported Gill and Duffus.

COCOA	Yesterd'y's Close	+ or —	Business Done
Sept.	1395-1399	+17.0	1400-1385
Dec.	1497-1459	+17.5	1475-1453
March	1507-1510	+16.0	1014-1495
May	1529-1055	+18.5	1530-1528
July	1551-1564	+18.5	1560-1543
Sep.	1572-1580	+20.0	1580
Dec.	1600-1010	+18.0	1600

Sales: 1,712 (2,410) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound): Daily price Sept. 7 146.27 (144.38); indicator price Sept. 7: 15-day average 143.41 (same).

COFFEE

Robustas opened slightly lower and during a somewhat quiet opening session prices generally tended easier to register losses of up to £20 by midday. [illegible]

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
September	1770-1772	-21.0	1795-1774
November	1814-1815	-28.0	1836-1805
January	1832-1835	-27.0	1856-1828
March	1795-1798	-24.0	1815-1790
May	1775-1780	-28.5	1790-1765
July	1756-1760	-25.0	1785-1776
Sept.	1745-1770	-15.0	—

Sales: 4,523 (2,833) lots of 5 tonnes. ICO indicator prices for September 7 (U.S. cents per pound): Other Mild Arabicas 204.50 (205.0); Robustas ICA 1976 189.50 (189.60); ICA 1968 189.25 (189.75). Unwashed Arabicas 210.00 (same). Comp. daily ICA 1968 203.50 (202.75).

GRAINS

Grains opened unchanged. Wheat values eased in slow trading throughout the day to close unchanged to 15p lower. Barley saw good buying interest but trade was thin due to lack of sellers in the morning session. Some selling pressure on the November option at 25p higher halted further rises and the market eased slightly to close 5p-20p higher on the day, Acli reported.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Sept.	82.50	-0.18	89.45	+0.15
Nov.	95.70	-0.15	22.00	+0.18
Jan.	99.75	-0.05	95.50	+0.28
Mar.	105.00	-0.18	99.70	+0.18
May	106.20	.....	109.75	+0.05

Business done—Wheat: Sept. 92.65-92.50, Nov. 95.90-55.70, Jan. 98.90-99.80, Mar. 103.20-103.00, May 106.35-106.18. Sales 139 lots of 100 tonnes. Barley: Sept. 89.55-89.25, Nov. 92.65-92.35, Jan. 95.55-96.45, Mar. 98.80-99.55, May 102.90-102.70. Sales 137 lots of 100 tonnes.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent Sept. 95, Oct. 95.50, Nov. 96, Dec. 100.50 transhipment East Coast. U.S. Hard Winter 13½ per cent Oct. 98.75, Nov. 99.25 transhipment East Coast. EEC unquoted. Maize: U.S./French unquoted. S. African White unquoted. S. African Yellow Sept./Oct. 82.50 nominal. Barley: English Feed f.o.b. Sept 89.75, Oct. 92.50, Nov. 94.50 East Coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

RUBBER

The London physical market opened quiet, trade was easier throughout the day closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 278 (277.5) cents a kilo (buyer, September).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Oct.	58.80-59.20	59.70-59.90	58.70
Nov.	59.50-60.00	60.40-60.70	—
Oct-Dec	59.55-59.85	60.40-60.65	60.25
Jan-Mar	62.60-62.60	65.20-63.30	65.30-62.45
Apr-Jne	64.65-64.70	65.55-64.40	65.00-64.65
Jly-Sept	67.00-67.05	67.55-67.60	67.55-67.00
Oct-Dec	69.45-69.50	70.05-70.20	69.50
Jan-Mar	71.85-71.90	72.50-72.60	72.00-71.80
Apr-Jne	74.35-74.40	75.00-75.10	—

Sales: 158 (303) at 15 tonnes, 2 at 5 tonnes.

Physical closing prices (buyer) were: Spot 58.00p (58.25p); Oct. 62.00p (62.25p); Nov. 62.50p (62.75p).

SOYABEAN MEAL

The London market opened 50p easier and further trade selling kept prices depressed throughout the session to close 80p down, reported T. C. Roddick.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
October	111.90-11.95	-0.45	111.50-11.00
December	114.25-14.5	-0.90	115.00-14.60
February	117.00-17.4	-0.60	117.50-17.00
April	118.00-18.6	-0.70	119.00-18.50
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]

Sales: 100 (80) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £110.00 (same) a tonne cif for Aug.-Sept.-Oct. shipment. White sugar daily price was £110.00 (£120.00). The market was steady in quiet conditions and prices were little changed from pre-weekend levels. But later losses of some 100 points were recorded in the December and March accounts following reports that San Domingo had sold a further 50,000 tons into the second-hand. The prompt October position showed isolated strength, however, and by the close was only marginally below its first traded level, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Oct.	113.40-13.45	113.60-13.75	114.00-12.75
Dec.	117.05-17.15	117.50-17.70	118.00-15.75
March	122.35-22.45	123.60-23.55	123.75-22.25
May	125.25-25.30	126.00-26.05	125.50-25.15
Aug.	129.00-29.35	129.25-29.70	129.50-28.00
Oct.	132.75-32.90	132.90-33.46	133.50-32.75

Sales: 1,904 (1,873) lots of 5 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £297.55 (same) a tonne for home trade and £178.0 (£177.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for September 7. Daily price 9.80 (9.89); 15-day average 5.33 (9.26).

LONDON WHITE SUGAR—Close (in order buyer, seller, business, sales). Nov. 117.50, 117.85, 119.25-117.50, 86; Feb. 123.00, 123.50, 123.55-123.00, 60; April 129.75, 127.50, nil, nil; July 130.00, 131.50, nil, nil; Sept. 133.00, 134.50, nil, nil; Nov. 135.50, 137.50, nil, nil; Feb. 139.00, 142.00, nil, nil. Sales 149.

TEA AUCTION

LONDON — 50,807 packages were offered at yesterday's auction. The few new seasons Assams on offer met a good enquiry and sold according to quality, whilst old seasons offerings were also readily absorbed. Africans were well supported. Selected best lines showed little change but others were an irregular 4p to 9p lower. Clean brighter Mozambiques were about steady but others were very irregular. Sri Lanka teas received a fair demand but were barely steady. Quotations: Quality 130p per kilo (130p); Medium 98p (102p); Plain 62p (62p).

WOOL FUTURES

SYDNEY GREASY—Close (in order: buyer, seller, business, sales), Micron Contract: Oct. 410.0, 412.0, 411.0-408.5, 31; Dec. 417.0, 418.0, 416.5-418.0, 16; March 426.0, 427.0, 427.8-426.2, 54; May 425.5, 427.0, 428.0-426.5, 10; July 429.5, 430.0, 429.5-429.0, 11; Oct. 429.5, 430.0, 430.0-429.5, 6; Dec. 430.0, 433.0, unquoted, unquoted; March 431.0, 434.0, unquoted, unquoted. Sales: 128.

BRADFORD—Traders said top prices were unchanged. New Zealand wool values on Friday confirmed the impression of wool market strength but there was still too little business at Bradford to enable replacement costs to be covered, Reuter reported.

LONDON GREASY—Close in order: buyer, seller, only). Oct. 219.0, 233.0; Dec. 219.0, 238.0; March, May, July, Oct., Dec., March 238.0, 238.0.

NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, only). Oct. 178.0, 183.0; Dec. 180.0, 185.0; March 187.0, 191.0; May, July, Oct., Dec., March 181.0, 193.0.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 333 tonnes. Fair offtake with renewed interest in Middle Eastern qualities. Occasional support came in African growths.

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 10 1979	+ or —	Month ago
Metals			
Aluminium	£710/50		£710/50
Free Mkt (cts)	$1665/85		$1525/45
Copper			
Cash w bar	£919.5	+15	£885
3 mths	£908.5	+18	£892.5
Cash Cathode	£887	+18	£864.5
3 mths	£889.5	+14	£907.5
Gold troy oz	$333.625	+4.5	$291.375
Lead Cash	£539	+5	£565
3 mths	£540	+6	£572.5
Nickel	£2595		£2595
Freemkt (cil lb)	258/285c		258/278c
Platin'm tr'y oz	£179.50		£165.00
Free mkt	£186.90	-0.55	£179.40
Quicksilver	$310/330		$285/95
Silver troy oz	542.30p	+20.8	390.00p
3 mths	554.00p	+19.8	407.00p
Tin Cash	£6,805	+37.5	£6,867.5
3 mths	£6,815.5	+45	£6,792.5
Tungsten	$155.88		$145.18
Wolfrm 22.04cif	$144/149		$155/162
Zinc cash	£310.5	+1.5	£310.5
3 mths	£320.5	+1	£321.5
Producers	$780		$780
Oils			
Coconut (Phil)	$905x		$1,025
Groundnut			£695
Linseed Crude	£415		£395
Palm Malayan	$660y		$610
Seeds			
Copra Phillip	$660y	-20	$690
Soyabean (U.S.)	$290.25z	+1.25	$308
Grains			
Barley Futures	£92.50	+0.16	£91.25
Maize			
French No3AM	‡		£108.0
Wheat			
No. 1 Red Spg.	‡		£95.0
No3HardWint.	£98.75x	+1.25	£95.50
Eng. Milling	£95.0		‡
Other commodities			
Cocoa ship't	£1,549	+18.0	£1,510
Future Dec.	£1,468	+17.5	£1,473
CoffeeFt'r Nov	£1,814.5	-28.0	£1,781.5
Cotton A.Index	77.85c	+0.05	70.95c
Rubber (kilo)	09.00p	-0.25	52.0p
Sugar (Raw)	£110.0		£100
Wooltp's 64s kl	270p		963p

* Nominal. † New crop. ‡ Unquoted. r Sept. w Sept.-Oct. x Oct. y Oct.-Nov. s Nov. z Indicator. § Buyer.

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.50-£5.00, codlings £2.80-£3.80. Large haddock £3.60-£3.90, medium £3.00-£3.60, small £1.60-£2.70. Medium plaice £5.20-£5.90, best small £3.80-£4.60. Skinned dogfish (large) £7.00, (medium) £6.50. Lemon soles (large) £5.20, (medium) £5.00. Rockfish £2.80-£3.20. Saithe £2.40-£3.50.

MEAT/VEGETABLES

SMITHFIELD MARKET—Pence per pound. Beef: Scottish killed sides 80.0 to 85.0, Eire Hind qtrs 69.0 to 74.0, Fore qtrs 41.0 to 44.0. Veal: English Fats 65.0 to 74.0, Dutch Hinds and Ends 95.0 to 102.0. Lamb: English Small 56.0 to 62.0, Medium 54.0 to 58.0, Heavy 48.0 to 54.0, Scottish Medium 54.0 to 58.0, Heavy 48.0 to 54.0. Imported Frozen: NZ PL 48.5 to 49.5, PM 47.0 to 49.0. Pork: English, under 100 lb 37.0 to 45.0, 100-120 lb 37.0 to 44.0, 120-160 lb 36.0 to 43.0. Grouse: Young Best (each) 300.0 to 300.0.

MEAT COMMISSION—Average fatstock prices at representative markets on September 9. GB cattle 78.74p per kg l.w. (−1.18). UK sheep 137.0p per kg est. d.c.w. (−2.1). GB pigs 64.5p per kg l.w. (+1.0). England and Wales: Cattle numbers up 19.7 per cent, average price 78.87p (−1.17). Sheep numbers up 8.0 per cent, average price 138.1p (−1.6). Pig numbers up 34.4 per cent, average price 64.5p (+1.0). Scotland: Cattle numbers down 12.9 per cent, average price 77.93p (−1.30). Sheep numbers up 72.9 per cent, average price 129.1p (−1.8). Pig numbers up 7.2 per cent, average price 63.6p (+0.3).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—S. African: Valencias 4.00-5.20, Navels/Proteas 3.80-4.30; Brazilian: Peras 2.50-2.70, Valencia Lates 64/144 3.20-5.00. Lemons—Italian: 100/150s 6.50; Spanish: Trays 2.60-3.20; S. African: 5.00-10.00; Brazilian: ½-boxes 4.00-5.00. Grapefruit—Dominican: 27/63s 10.00-11.00. Apples—French: Golden Delicious, new crop, boxes 40-lb 150/175 3.80-4.00; 20-lb 1.90-2.00; Tasmanian: Sturmer Pippin 2.50, Granny Smith 3.00; Spanish: Granny Smith 40-lb 8.50. Pears—Spanish: Williams per pound 0.14; French: Williams 28-lb 3.00-3.20; Italian: Williams per pound 0.13-0.16. Plums—Italian: Giant Prunes per pound 0.09; French: Gages 0.12, Stanleys 0.08. Grapes—Cyprus: Sultana 0.25, Thompson 0.30, Alphonse 0.19, Rozaki 0.20; Italian: Regina 10-lb 1.80-1.90; Spanish: Alphonso per pound 0.15. Nectarines—Italian: B/As 6.00-6.50; French: Alphonse per pound 0.15. Bananas—Jamaican: Per 28-lb 4.30. Avocados—S. African: 4.50-4.80. Melons—Spanish: Yellow honeydew 10-kilos 5/14s 2.80-3.00. Onions—Spanish: 3.00-4.00; Dutch: 3.00. Tomatoes—Jersey: Per tray 0.70-0.80; Guernsey: 0.80-0.90. Cabbages—Dutch: White, net 3.00. Peaches—Italian: 1½ trays Cs 1.80, Ss 2.40-2.60, As 2.60-2.80, AA 3.00

English Produce: Potatoes—New crop per bag 1.80-2.00. Lettuce—Per 12 round 1.60, Cos 1.60, Webb's 1.60. Mushrooms—Per pound 0.60-0.70. Apples—Per pound Bramley 0.07-0.10, Grenadiers 0.04, Howgates 0.05-0.08, Discovery 0.08-0.10, Millers 0.06, Worcester Pearmain 0.06, Tydeman's 0.05-0.06, Derby's 0.04-0.06, Cox's Orange Pippin 0.15. Pears—Per pound Conference 0.10, Williams 0.06-0.08, Dr. Jules Guyot 0.06. Plums—Per pound Sctios 0.06, Victorias 0.08-0.09, Damsons 0.12, Pershores 0.06. Blackberries—Per ½-lb 0.15. Tomatoes—Per pound 0.60-0.70. Cucumbers—Trays 5/19s 1.50-2.20. Cauliflowers—12s Lincoln 1.20-1.30. Celery—Boxes, naked 15/24s 1.20, cartons 15/24s 2.60-2.80. Peas—Per pound 0.10. Onions—Per bag 0.60-1.00. Beetroot—Per bag 0.70. Capsicums—Per pound 0.30. Swedes/Turnips—Per 25/28-lb 0.80. Stick Beans—Per pound 0.08-0.09. Runner Beans—Per pound 0.04. Sprouts—Per pound 0.12. Cobnuts—Per pound Kent 0.35.

AMERICAN MARKETS

NEW YORK, September 10. SILVER CONTINUED in the spotlight with a firm advance to new historically high levels, while gold backed off from its best levels but a minor trading gain. Copper advanced sharply in sympathy with silver. Grains and soyabeans closed moderately higher on short-covering following a weather forecast of possible frost damage this Thursday and Friday. Live cattle futures were mixed and the pork complex lower on cautious packer buying and heavy hog marketings. Cotton prices were sharply higher on short-covering due to a new tropical storm moving into the Gulf of Mexico. Profit-taking in sugar depressed the market moderately. Short-covering by commission houses and arbitrage buying produced a near-limit gain in cocoa. Coffee was lower on a lack of trade interest, Heinold reported.

Potatoes (round whites)—Nov. 62.5 (62.0), March 74.1 (75.7), April 89.0, May 102.4. Sales 910.

†Tin—715.00-740.00 asked (710.00-740.00).

CHICAGO, September 10.

Live Cattle—Oct. 70.50-71.00 (70.80-70.95), Dec. 72.05-72.15 (72.45-72.10), Jan. 71.20-71.90, Feb. 71.25-71.45, April 71.10-71.25, June 71.72, Aug. 70.70, Oct. 69.40, Dec. 71.00. Sales: 34,228.

Live Hogs—Oct. 37.85-38.00 (38.35-37.92), Dec. 38.60-38.50 (39.40-38.55), Feb. 40.45-40.35, April 39.25-39.45, June 43.35, July 43.45, Aug. 41.65, Oct. 39.70, Dec. 42.10. Sales 7,633.

‡‡Maize—Sept. 276-276½ (271½), Dec. 277½-278 (271¾), March 288½-289, May 294½-296, July 300½, Sept. 302½.

Pork Bellies—Feb. 47.15-47.20 (48.20-47.25), March 47.30-47.35, May 47.25, July 48.30-48.50, July 49.40, Aug. 47.50-48.00. Sales: 7,755.

Silver—Sept. 1250.0 (1130.0), Oct. 1254.0 (1146.0), Nov. 1262.0, Dec. 1274.0-1280.0, Feb. 1285.0, April 1299.0, June 1309.0-1310.0, Aug. 1319.0, Oct. 1329.0, Dec. 1339.0, Feb. 1349.0, April 1359.0, June 1379.0, Aug. 1389.0, Oct. 1391.0, Dec. 1432.5, Feb. 1413.5, April 1423.0, June 1437.5, Feb. 1448.0.

‡Soyabeans—Sept. 704-704 (694½), Nov. 703-706 (697½), Jan. 723-722, March 737-738, May 751-750, July 759-759, Aug. 759-759, Sept. 732.

‡Soyabean Meal—Sept. 198.80-187.00 (186.30), Oct. 187.00-187.10 (185.00), Dec. 191.00-190.50, Jan. 192.80-193.00, March 197.80, May 202.00-201.80, July 203.50, Aug. 203.50, Sept. 204.50-205.00, Oct. 203.00-203.50.

Soyabean Oil—Sept. 28.75 (28.32), Oct. 27.40-27.35 (27.09), Dec. 26.75-26.85, Jan. 26.55-26.60, March 26.55, May 26.50, July 26.55-26.72, Aug. 26.50, Sept. 26.40, Oct. 26.20-26.20.

‡Wheat—Sept. 434¾ (434¼), Dec. 444¼-444½ (443¼), March 452-451½, May 452-451½, July 434½-434, Sept. 444.

WINNIPEG, Sept. 10. §Barley—SCWRS 13.5 per cent protein content cif St. Lawrence 237.4 (229.70).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ‡ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, Sept. 10.

Wheat—U.S. No. 2 Dark Hard Winter 13.5 per cent Oct. $202, Nov. $203, Dec. $205, Jan. $207, Feb. $209, March $211. U.S. Hard Winter Ordinary unquoted. U.S. No. 2 Red Winter Sept. $197, Oct. $192, Nov. $195. U.S. No. 2 Northern Spring 14 per cent Sept. $194, Oct. $195, Nov. $198, Dec. $206, Jan. $213, Feb. $215, March $217, April/May $199.

Maize—U.S. No. 3 Corn Yellow afl $135, Sept. $133.50, Oct. $134, Nov. $135, Dec. $139.50, Jan./March $145, April/June $146.

Soyabeans—U.S. 2 Yellow Gulfports afl $290.75, Sept. $290, Oct. $283, Nov. $282.75, Dec. $288, Jan. $293, Feb. $298.50, March $299.50, April/May $303.50, June/July $307. Brazil Yellow fag unquoted. Argentine afl $283.50, May $297.50, June $300.25, July $300.50. Soyameal—44 per cent protein U.S. afl $231, Sept. $233, Oct. $234, Nov. $239, Nov./March $242.50, April/Sept. $249. Brazil Pellets afl $238, Sept. $240.50, Oct. $245, Nov. $254, April/Sept. $256.

PARIS, Sept. 10

Cocoa (FFr per 100 kilos)—Sept. 1,321-1,350, Dec. 1,367/1,370, March 1,400/1,420, May 1,410, July 1,420, Sept. 1,430. Sales at call 0.

Sugar (FFr per 100 kilos)—Oct. 1,110/1,120, Nov. 1,110/1,125, Dec. 1,150/1,152, March 1,210/1,213, May 1,250/1,254, July 1,255/1,275, Aug. 1,272/1,295, Oct. 1,295/1,310. Sales at call 0.

INDICES

FINANCIAL TIMES

Sep. 7	Sept. 8	M'nth ago	Year ago
295.64	286.81	281.49	250.32

(Base: July 1, 1952=100)

MOODY'S

Sept. 7	Sept. 5	M'nth ago	Year ago
1111.5	1109.5	1063.8	937.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Sept. 7	Sept. 6	Month ago	Year ago
Spot	401.31	400.45	392.23	395.03
F'tur's	405.17	405.91	400.90	370.88

(Average 1924-25-26=100)

REUTERS

Sept 10	Sept. 7	M'nth ago	Year ago
1584.4	1577.5	1550.4	1489.1

(Base: September 18, 1931=100)

Golds recover sharply as bullion price goes higher

Equities also improve with accent on secondary issues

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug. 28	Sep. 6	Sep. 7	Sep. 17
Sep. 10	Sep. 20	Sep. 21	Oct. 1
Sep. 24	Oct. 4	Oct. 5	Oct. 15

* "New time" dealings may take place from 9.30 am two business days earlier.

A sharp rebound in South African Gold shares after Friday's shakeout and a continuation of the equity sector's underlying firm trend marked the start of the new trading Account in stock markets yesterday.

Golds went quickly forward with the rising bullion price providing the impetus and heavyweight stocks regained as much as a point following demand from local, Continental and Johannesburg sources. The FT Gold Mines index, as a result, recouped all Friday's fall and more to close 11.1 up at 188.3.

Leading industrials eased a shade at the opening as dealers took a cautious view of the resumed two-day strikes in the engineering industry. Secondary issues meanwhile improved, encouraged by trading announcements, weekend newspaper mention and renewed bid speculation. In the absence of any worthwhile selling, the leaders eventually followed the improved trend.

Imperial Group's proposed acquisition of Howard Johnson, a leading U.S. restaurant and lodging group, for £280m, generated interest, while the prospect of further rationalisation moves led to support of Electricals.

Four constituent shares, Blue Circle, British Petroleum, ICI and Tube Investments, went ex-dividend yesterday and took 1.6 off the FT 30-share index which, at 10 am, was 2.5 lower; the close, however, was a net 1.5 up at 475.0.

Longer-dated Gilt-edged securities took stock of Friday's new medium and long tap issues, the terms of which are pitched in line with the market, and eased marginally in a thin trade. The shorts also softened initially but rallied to close fractionally harder with the Variable coupon issues attracting interest from Discount Houses; the 1981 stock gained 1/16 to 97¼.

For reasons ranging from rarity value to repayment hopes, Chinese bonds continued to be supported and the 5 per cent 1912 issue rose 3 points more to £26.

Institutional and other demand for investment currency, needed for the purchase of either U.S. securities or South African Gold shares, caused the premium to advance 1½ points to 30¾ per cent. Sterling's easier tendency also helped rates to harden. Yesterday's SE conversion factor was 0.8902 (0.8970).

Demand for Traded options was again at a low ebb and only 163 deals were arranged compared with Friday's 663 and last week's daily average of 343.

Banks better

Seemingly undeterred by the Bank of England's order to curb personal loans, the major clearing banks made good progress and showed closing gains ranging to 11. Midland closed that amount up at 363p, while Lloyds put on 10 to 315p and Barclays, 420p, and NatWest, 335p, appreciated 8 and 7 respectively.

Quietly firm conditions prevailed in Insurances. General Accident, 234p, GRE, 256p, and Phoenix, 246p, all rose 4, while Willis Faber put on 5 to 225p as did Hambro Life, to 127p. Hogg Robinson hardened 2 to 98p following an investment recommendation.

A good business was transacted in Breweries and kindred issues. Arthur Guinness at 186p, rose 6 in response to a broker's bullish circular, while among regional issues, Davenport, 118p, and Greenall Whitley, 173p, added 3 apiece, the last-mentioned to a 1979 peak. Distilleries continued the recent upward trend, Arthur Bell, 186p and Tomatin, 194p, both rising a couple of pence, while Distillers firmed 4 to 237p. Mooted takeover target Macdonald-Martin "A" met support and ended 30 better at 635p for a two-day gain of 45.

Timber issues featured Parker which jumped 30 to 235p xd, after 240p, following the bid approach from Harrisons and Crosfield, 12 cheaper at 625p; the announcement stimulated demand for May and Hassell, 4 better at 92p, and Magnet and Southerns, 8 to the good at 228p. Housebuilders came in for a fair amount of support. Federated Land and Arncliffe adding 5 apiece to 82p and 51p respectively, while Milbury put on 7 to 65p, the last-named following favourable Press comment. Gough Cooper, at 103p, however, relinquished 2 of Friday's speculative surge of 13. FPA Construction became a good market at 18p, up 3, and Aberdeen Construction firmed 4 more to 102p. Buying ahead of the interim results on Thursday helped Richards and Wallington improve 4 to 74p. Crouch Group added 5 to 80p xd and Burnett and Hallamshire "A" put on 25 to 515p. In Cements, Blue Circle hardened 2 to 280p xd and Cement Roadstone appreciated 3 to 79p xd, while Breedon and Cloud Hill Lime put on 4 to 128p, the last-named as bid hopes revived.

Marginally easier at the outset, ICI finished at 358p xd, unchanged on balance, following a reasonable business. Awaiting annual results today, Stewart Plastics firmed 5 to 207p. Yorkshire Chemical added 3½ to 71p xd and Plysu picked up 3 to 84p, after 85p.

House of Fraser firm

House of Fraser started the new Account in the same firm manner as they had finished the old, rising 8 further to 153p on fresh speculative buying on continuing hopes that Lonrho will bid for the 70 per cent of the share capital it does not already own; Lonrho hardened 2 to 78p. Other leading Stores closed at the day's best with the retail and wholesale price indices helping sentiment in the later trade. Burton "A" rose 4 to 264p, while Marks and Spencer gained 2 to 106p as did British Home, to 243p, and Gussies "A," to 404p. Elsewhere, the chairman's encouraging statement and property revaluation details helped Henderson Kenton improve 9 to 120p, while Home Charm gained 6 to 126p in response to the sharp increase in first-half earnings. Speculative buying on revived bid hopes lifted Peters 7 to 76p. Harris Queensway rose 8 to 298p following renewed investment demand. MFI Furniture appreciated 4 to 164p for a similar reason but Selincourt cheapened 2½ to 25½p in reaction to adverse comment. Shoes were featured by a rise of 5 to 107p in George Oliver "A"; the interim results are due on Friday.

Electricals encountered a fair level of support and many closed displaying double-figure gains. Racal were active and rose 13 to 267p, while similar rises were seen in Electrocomponents, 473p, and Standard Telephones, 244p. GEC improved 3 to 395p, while Plessey, 131p, and Thorn, 455p, rose 4 and 5 respectively. Decca "A" eased 3 to 287p in front of Thursday's annual results, but BSR, reporting interim results tomorrow, firmed a penny to 45p. Among the more speculative counters, United Scientific, 336p, and A.B. Electronic, 208p, advanced 10 apiece, while Electronic Rentals added 5 to 111p ex-scrip issue.

Despite the deteriorating labour situation and adverse comment on the industry, Engineering leaders held up well. Bolstered by the surrounding firm trend, Hawker improved 2 to 184p and GKN hardened a penny to 268p. In slimmed-down form following the subdivision and one-for-five scrip issue, John Brown closed a penny harder at 82p. Elsewhere, English Card Clothing rose 4 to 139p following the company's immediate rejection of Carclo's bid. Chemring also put on 4 to 102p and Christy Bros, hardened 3 to 31p. Awaiting a fresh bid move from GEC, Averys cheapened 4 to 262p.

Foods steadied at enhanced levels after early interest subsided. Favourable weekend Press comment lifted Cadbury Schweppes 2 to 61½p and prompted a gain of 20 to 220p in Joseph Stocks. Avana, 117p, and Robertson, 158p, added 2 and 3 respectively on lingering bid rumours.

Buyers came in for leading Hotels and Caterers after Press comment on the sector's current prospects. Trusthouse Forte and Ladbroke added 5 apiece to 153p and 178p xd respectively, while Grand Metropolitan firmed 4 to 152p. Comfort hardened ½ to 24½p following the disposal of the remainder of its interests in Copenhagen, while Wheeler's Restaurants advanced 10 to 300p, the latter in a limited market.

Bowater dip late

Supported up to 178p in front of today's interim results, Bowater reacted nervously towards the close and finished a net 2 down on balance at 172p, while profit-taking in the wake of last week's better-than-expected half-year figures left Turner and Newall 3 off at 132p. Other miscellaneous industrial leaders traded quietly firm and Reckitt and Colman hardened 2 to 232p in front of today's first-half results, while improvements of around 5 were recorded in Beecham, 146p, Glaxo, 453p, Pilkington, 320p, and Rank Organisation, 222p. Elsewhere, Esperanza Trade and Transport became a late firm feature, rising 7 to 107p in response to favourable annual results, while Sharma Ware gained 9½ to 164p xd following Press comment. Diploma Investments advanced 10½ to 362p xd and on the interim results, Metal Closures firmed 3 to 128p. De La Rue saw late support at 525p, up 15, but Vinten dipped 6 to 164p. Pentland Industries cheapened a penny to 31p in reaction to the disappointing half-year results and Huntleigh, a vulnerable market of late following Rolf Schild's kidnapping in Sardinia, gave up 3 to 68p on the disappointing interim figures.

BL's reiteration of the need for a large workforce cutback had little apparent effect on Motor Distributors, which ended quietly easier on balance. British Car Auctions shed a fraction at 68½p after a useful two-way business, while Dutton-Foreshaw gave up 3 at 47p in front of Thursday's half-time statement.

William Collins continued depressed following the surprise first-half loss and shed 7 to 106p for a two-day fall of 24, while the A dropped 10 more to 90p. Leading Newspapers, on the other hand, closed in firmer mood, News International adding 5 to 168p. Elsewhere, Bunzl Pulp hardened a few pence to 105p after Press comment, while Mills and Allen put on 9 at 302p.

Little of interest developed among leading Properties, but selected secondary issues made useful progress. Reflecting the strength of the househuilding sector, M. P. Kent firmed 3 to 91p and Fairview Estates gained 8 to 243p. London and Provincial Shop found support and added 6 to 274p and Regional A put on 3 to 106p, while Scottish Metropolitan also improved 3, to 135p, the last-named following favourable Press comment. Nolton were quoted at 48p ex-all with the new nil paid shares at 10p premium.

British Petroleum regained all and more of the 22p dividend deduction in ending 27 higher at 1180 xd following persistent demand. Awaiting Thursday's interim results, Shell firmed 4 to 334p. Outside the leaders, buying ahead of tomorrow's half-yearly figures helped Burmah rise 4 to 164p, while Lasmo gained 8 to 272p on news of overseas exploration projects. Speculative interest lifted Aran Energy 6 to 164p and Oil Exploration 4 to 372p. Clyde found support and put on 8 to 230p.

In Financials, reflection of Friday's profits downturn left London Merchant Securities 7 lower at 104p.

Shippings closed with no decided trend, but P & O gave up 3 at 107p. In contrast, Walter Runciman met speculative demand and closed 4 better at 81p.

In Textiles, Press comment prompted a gain of 2 in Carpets International, 61½p; the interim results are expected tomorrow.

Initially marked up to 99p following the news of the £280m acquisition of American restaurant and motel chain, Howard Johnson, Imperial Group came under pressure and slipped back to 94p for a net loss of 2.

Golds advance

South African Golds resumed their advance after the setback at the end of last week. The renewed strength of the bullion price brought out buying from London, Johannesburg and the Continent, although there was some caution from New York.

The Gold Mines Index rose 11.1 to 199.3 and the ex-premium index put on 8.6 to 177.4. Trading was active throughout the day but the strong rise in prices during the morning was shed in the late afternoon.

St. Helena set the tone with an advance of £1¼ to £10¾, drawing strength not only from the tone of the market but from expectations of a high final dividend announcement on Friday. Randfontein gained 1 to £27¼, Vaal Reefs were ¼ higher at £18½ and Winkelhaak, also expecting a higher dividend, rose 57 to 887p.

The strength of Golds spread to Platinums, where Rustenburg were 8 better at 140p, and to South African Financials, where prices were firm but the market was not particularly active. The feature among overseas Financials was Minorco; U.S. buying, linked to Minorco's stake in Engelhard Minerals, lifted the price 38 to 233p.

London Financials were also firm, Charter, gaining some benefit from the company's shareholding in Minorco, finished slightly beneath the best at 144p for a rise of 5. Rio Tinto-Zinc gained 6 to 311p and Consolidated Gold Fields rose 8 to 243p.

Elsewhere, Australians were steady but subdued in the absence of a clear lead from Sydney. Pacific Copper met small investment buying and finished 5 harder at 108p.

Coppers held quietly firm, but Rhodesians were untested. Tins were inactive except for St. Piran, which advanced 7 to 88p on small buying interest.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	Oct. Closing offer	Vol.	Jan. Closing offer	Vol.	April Closing offer	Vol.	Equity close
BP	1050	155	3	—	—	—	—	1176p
BP	1100	85	5	145	—	155	—	"
BP	1200	20	7	65	6	103	—	"
BP	1500	4	7	45	—	65	—	"
Cons. Gold	200	43	4	55	—	55	—	243p
Cons. Gold	220	28	12	35	—	43	—	"
Cons. Gold	240	14	10	23	—	29	—	"
GEC	360	42	3	64	—	77	—	394p
GEC	390	17	10	43	—	57	—	"
GEC	420	5	3	28	—	42	—	"
GEC	460	1	10	15	—	—	—	"
ICI	300	21	7	75	—	78	—	357p
ICI	330	51	14	45	—	51	—	"
ICI	360	0½	4	21	14	30	—	"
ICI	390	1	—	11	10	12	0	"
Marks & Sp.	110	8½	—	2	—	19	4	106p
Totals			95		30		19	
		November		February		May		
ImperialGp.	100	3½	10	7	—	8	—	97p
RTZ	500	32	3	43	—	54	—	311p
RTZ	550	15	—	23	9	60	—	"
Totals			13		9			

FINANCIAL TIMES STOCK INDICES

	Sept. 10	Sept. 7	Sept. 2	Sept. 6	Sept. 4	Sept. 3	A year ago
Government Secs.	73.11	75.15	73.33	76.25	73.11	72.86	70.44
Fixed Interest	76.64	75.57	73.60	73.81	73.74	73.69	71.82
Industrial	473.0	473.5	470.7	472.9	468.6	465.0	524.6
Gold Mines	199.3	188.2	198.3	201.2	200.9	196.4	176.5
Gold Mines(Ex-$ pm)	177.4	168.8	172.8	181.1	180.9	176.4	130.6
Ord. Div. Yield	6.90	6.88	6.93	6.90	6.94	7.03	5.13
Earnings,Yld. % (full)	16.13	17.12	17.24	17.16	17.27	17.46	14.88
P/E Ratio (net) (*)	7.83	7.35	7.30	7.32	7.29	7.20	8.92
Total bargains	15,483	16,825	13,064	14,428	14,652	14,878	—
Equity turnover £m	—	73.26	94.27	62.14	58.18	58.64	88.70
Equity bargains total	—	12,984	12,564	10,031	10,475	10,775	18,881

10 am 471.0. 11 am 471.8. Noon 473.1. 1 pm 472.9. 2 pm 473.2. 3 pm 474.2.
Latest Index 01-246 8026.
*Nil=7.50.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 2/9/55. Ex-$ premium Index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	65.03 (18/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	40.4 (26/6/40)
Gold Mines	208.4 (6/5)	129.0 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines Ex $pm	131.1 (5/9)	95.2 (12/1)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	Sept. 10	Sept. 7
—Daily		
Gilt Edged	120.4	107.0
Industrials	156.2	157.5
Speculative	43.9	40.3
Totals	90.4	86.9
5-d'y Av'r'ge		
Gilt Edged	110.0	116.3
Industrials	126.0	123.4
Speculative	39.7	38.2
Totals	83.8	81.4

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	11	1,180xd	+27	1,295	882
ICI	£1	10	358xd	—	415	314
St. Helena	R1	10	£10¾	+ 1¼	£10¾	608
Racal Electronics	25p	9	267	+13	267	168½
BAT Inds.	25p	8	289	+ 4	362	255
NatWest Bank	£1	8	335	+ 7	406	278
RTZ	25p	8	311	+ 6	362	226
Charter Cons.	25p	7	144	+ 8	175	122
GEC	25p	7	395	+ 3	456	311
Marks & Spencer	25p	7	106	+ 2	134	83
Beecham	25p	8	146	+ 4	189	130
Glaxo	50p	6	453	+ 5	600	428
Imperial Group	25p	6	94	− 2	108	83
Pilkington	£1	6	320	+ 5	398	273
Plessey	50p	6	131	+ 4	131	101

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 3	Sep. 14	Dec. 6	Dec. 17
Sep. 17	Sep. 28	Dec. 20	Jan. 7
Oct. 1	Oct. 12	Jan. 10	Jan. 21

For rate indications see end of Share Information Service

In a quiet business, calls were dealt in Racal, Debenhams, Carpets International, Lonrho, Spillers, Allied Colloids and Charter Consolidated. A put was done in St. Helena, while doubles to be arranged included Winkelhaak, House of Fraser, Loraine, Pacific Copper, Decca and EMI.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	20	46	20
Corpns. Dom. and Foreign Bonds	8	5	52
Industrials	366	144	901
Financial and Prop.	101	55	351
Oils	14	2	23
Plantations	4	6	16
Mines	70	4	74
Others	73	21	57
Totals	656	283	1,496

APPOINTMENTS

Senior changes at Alcan (UK)

Mr. Donald A. Main, chief financial officer and assistant managing director of ALCAN ALUMINIUM (UK), has become managing director, Alcan Sheet, at Rogerstone, Gwent. He will remain a director of the company. Mr. P. J. H. Rata, formerly managing director of Alcan Sheet, moves to a senior position on the company's corporate staff. Mr. Main has been succeeded as chief financial officer by Mr. Anthony S. Maxwell, who will also be treasurer. Mr. Maxwell has held a number of financial posts in the Alcan Group's head office in Montreal.

★

Mr. Thomas J. Fairhurst has been appointed group vice president service parts for the DANA CORPORATION.

★

Mr. William G. Long has been named an executive director of RUSSELL REYNOLDS ASSOCIATES and has been transferred from New York to London.

★

GILTSPUR BULLENS FREIGHT, of Borehamwood, Herts, is merging the military services division of Giltspur Bullens Transport Services with Giltspur International Moving. The new division will trade as Giltspur International Moving with Mr. A. D. O'Neill as managing director. Mr. O'Neill was in charge of southern region operations. Mr. C. F. C. Waymouth remains responsible for the commercial section of GIM.

★

Mr. Martin Grafton will join the Board of ALFRED BOOTH AND CO on October 1 as a non-executive director. Mr. Grafton has recently retired as director-general of the National Federation of Building Trades Employers.

★

Mr. Alan C. Kennedy will be taking over as chief executive of the THOMAS COOK GROUP in succession to Mr. T. E. Fisher following his retirement on March 31, 1980. Mr. Bernard R. Norman, who is managing director, Thomas Cook Limited will replace Mr. Kennedy as group managing director travel.

★

Dr. K. D. Tocher, co-ordinator, management sciences and computer technology, British Steel Corporation, has been appointed to the Chair of Operational Research at SOUTHAMPTON UNIVERSITY from May 1, 1980.

★

The ASSOCIATION OF CENTRE-FILE USERS committee members for 1979-80 are Mr. Dennis Yeoman, chairman, Mr. Bill Ashberry, secretary, Mr. Max Reid, Mr. Denis Carey, Mr. David Hayward, Mr. John Martin and Mr. Gary Payne.

★

ALEXANDER HOWDEN INSURANCE BROKERS has made the following appointments: Mr. C. G. Bird, chief executive, North American division; Mr. A. W. Ollis, chief executive, non-marine direct division; and Mr. M. R. Harris and Mr. R. J. Surman, managing directors (Liverpool). New directors are Mr. P. L. Blackham, Mr. W. G. Derry, Mr. C. Freshwater, Mr. R. C. Mather, Mr. P. R. Ovenden, Mr. S. Rowe and Mr. V. N. Sawney.

★

Following the successful offer for BAMBERGERS by International Timber Corporation, Mr. Cecil D. Woodburn-Bambergers, who is 64, is retiring as chairman of BAMBERGERS to devote time to other interests and has resigned from the Board of ITC.

★

Mr. C. L. Griggs has been appointed an assistant director of HOWSON DEVITT (NORTH AMERICA), part of the Devitt Langton and Dawnay Day Group.

★

Mr. Godfrey F. Laurence has retired from the Boards of the EXCHANGE TELEGRAPH COMPANY (HOLDINGS) and the EXCHANGE TELEGRAPH COMPANY LTD. He continues as chairman of Extel Communications and Extel Computing and as deputy chairman of Transtel Communications.

★

Mr. Stuart Alexander has been appointed director, public affairs, at the TOBACCO ADVISORY COUNCIL. Mr. Hugh Crice continues as executive director.

★

Mr. Charles Andrews has been appointed managing director of EMI BELGIUM S.A.

★

Mr. J. W. Scott has been appointed deputy managing director of the WEIR GROUP INTERNATIONAL S.A. of Geneva. Mr. Scott, who will be based in Paris, will be deputy to Mr. J. J. de Raemy, international director of the Weir Group and will have special responsibility for a number of companies.

★

The Lord Chancellor has appointed Mr. H. J. Wilson to be the Chief Chancery Registrar in succession to the late Mr. C. M. Kidd.

★

Mr. Paul M. Tapscott and Mr. A. V. C. Astley were appointed to the Board of THE STOCK CONVERSION AND INVESTMENT TRUST at the annual meeting. Mr. Tapscott has been nominated by the debenture holders to succeed Mr. H. J. R. Cope who retired in March.

★

Mr. L. H. Brandes has become the Under Secretary in charge of the OFFICE OF ARTS AND LIBRARIES, responsible direct to the Chancellor of the Duchy of Lancaster. He succeeds Mr. W. O. Ulrich.

★

Mr. John Mowat has been appointed divisional director of personnel for the METTOY COMPANY.

★

Mr. David L. Deverson has been appointed group financial controller and company secretary of GUILD SOUND AND VISION.

★

Mr. Kenneth Blyth, previously chief assistant in the radio division of the IBA, is being appointed to a new post of chief assistant to the director general. He will have a special responsibility for analysing and collating policy aspects in preparation for the introduction of the fourth television channel.

★

Mr. Charles Banks, chairman and chief executive of the Thomas De La Rue division, and Mr. Rowland Dunkley, managing director of the Crosfield electronics division, have been appointed associate directors of THE DE LA RUE COMPANY.

★

Mr. P. M. Lefevre and Mr. P. E. Moore have been appointed senior assistant directors of MORGAN GRENFELL AND CO.

★

Lord Carr of Hadley has been appointed a non-executive director of CADBURY SCHWEPPES.

★

Professor H. Whitfield has been elected to the chair of computing and data processing and to the directorship of the computing laboratory at the UNIVERSITY OF NEWCASTLE UPON TYNE from the beginning of next year.

★

Mr. Peter John Holdstock has been appointed chief executive of the electric motor division of NEWMAN INDUSTRIES, Bristol. He will be responsible to the Group board for all financial, commercial and manufacturing functions of the five companies that constitute the electric motor division.

★

Mr. E. Robinson becomes assistant managing director of HILLARDS on October 1. From the same date the board will be enlarged by the appointment of Mr. A. A. Green as buying director and Mr. R. J. Dowds as retail director.

★

Mr. Lyn Dacey has been appointed managing director of MARKON ENGINEERING, a member of the Midlands division of the Dobson Park Group.

★

Mr. V. M. Hanks has been appointed director of the NATIONAL TEROTECHNOLOGY CENTRE.

★

Mr. Sam Wright has joined the board of BPC as personnel director. He was formerly director of the Industrial Relations Training Resources Centre of the Manpower Services Commission.

★

Mr. A. A. Horsford, a general manager of the Royal Insurance Group, has been appointed a director of ROYAL INSURANCE COMPANY.

★

Mr. Antony Sainthill has been appointed cargo director on the international board of the IML GROUP from September 17.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (60)

CANADIANS (2)
Bow Valley — Gulf Oil

BEERS (2)
Greenall Whitley — Tomatin

BUILDINGS (10)
Aberdeen Constr. — Gleeson (M. J.)
Baxter — Magnet & Southerns
Burnett Hallamshire — Newarthill
F.P.A. Construct. — Parker Timber
Fairbriar — Roberts Adlard

STORES (3)
Fairdale Textiles A — Home Charm
Harris Queensway

ELECTRICALS (4)
Farnell Elect. — Racal Electronics
Plessey — Telephone Rentals

ENGINEERING (2)
Chemring — English Card Clothing

FOODS (5)
Assoc. Fisheries — Matthews (B.)
Hillards — Stocks (J.)
Clifford's Dairies — Unigate

INDUSTRIALS (11)
Alpine Hldgs. — Howard Tenens
Boot (H.) — Johnson Cleaners
Brady Ind. A — Metal Closures
Carrolls — Provincial Laundries
De La Rue — Sunlight Service
Kalon

LEISURE (1)
Zetters

PAPER (2)
Lond. Prov. Posters — Mills & Allen

PROPERTY (2)
Fairview Ests. — Kent (M. P.)

SHOES (2)
Allebone — Oliver (G.) A

TEXTILES (1)
Shaw Carpets

TRUSTS (1)
Mooloya

OILS (4)
Burmah Oil — Clyde Petroleum
Century — Oil Exploration

OVERSEAS TRADERS (1)
Tozer Kemsley

RUBBERS (1)
Bightwise

MINES (5)
Bracken — Minorco
Leslie — Northgate
St. Helena

NEW LOWS (12)

ELECTRICALS (1)
Berec

ENGINEERING (3)
Babcock Intl. — Weeks
CompAir — Weir
Shaw (Francis)

INDUSTRIALS (2)
Dobson Park — Dykes (J.)

MOTORS (1)
Dunlop

NEWSPAPERS (2)
Collins (Wm.) — Collins (Wm.) A

PAPER (1)
Clay (R.)

TEAS (1)
Moran

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
‡‡	F.P.	24/8	75	60	Arrow Chemicals	71		b2.0	3.2	4.1	16.9
§8	F.P.	10/8	91	89	Barlow Hldgs.	89	+2	72.6	1.1	4.2	21.0
160	F.P.	8/9	190	185	Mercantile House	188		10.72	3.2	8.2	7.7
‡‡	F.P.	10/8	77	66	Mountview Est.	74		[illegible]	[illegible]	[illegible]	[illegible]
‡‡	F.P.	—	67	60	St. George Assets 10p	65	+1	bd1.9	1.6	4.0	23.5
‡‡	F.P.	—	174	164	Saltrust & Inv.	168		[illegible]	[illegible]	[illegible]	[illegible]
160	F.P.	3/8	344	192	Standard Tel. & Cables	244	+10	b8.01	5.1	4.7	14.7

FIXED INTEREST STOCKS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
‡91	F.P.	21/9	27	25	Aurora 3¼ Conv. Cum. Pref.	26	+1
100	F.P.	3/10	105	101p	Bradford Prop. 10¼% Cum. Pref.	105p	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	English & Overseas Inv. Conv.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Essex Water 8% Red. Pref. 1984	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid Kent Water 8% Red. Deb. 87/89	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 12½% Red. Mort. Deb. 85-90	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 12½% Red. Mort. Deb. 80-83	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Scot. Agricultural Sec. 13% Deb. 97-99	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Stoebuill 10¼% Cum. Prf.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sund. & S. Shields Water 8% 1986	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Wrexham Water 8% 1984	[illegible]	

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
14	F.P.	23/8	19	17	Abwood Machine Tools	18	
36	F.P.	24/8	[illegible]	[illegible]	Bank & Commercial	[illegible]	
110	F.P.	[illegible]	130	126	Bank Leumi	130	
400	Nil	[illegible]	[illegible]	[illegible]	Bank of New South Wales	[illegible]	
12	Nil	[illegible]	[illegible]	[illegible]	Benlox	[illegible]	
225	Nil	[illegible]	[illegible]	[illegible]	Dares Estates	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Electro-Protective	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	English Property Inv.	[illegible]	
R1.20	Nil	[illegible]	[illegible]	[illegible]	F.U.G.I.T.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hay's Wharf	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	London Inv. Trust	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lennons	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Letraset	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Macarthys Pharm.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nolton	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tricoville	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yorkgreen Invs.	[illegible]	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Mon., Sept. 10, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. Sept. 7 Index No.	Thur. Sept. 6 Index No.	Wed. Sept. 5 Index No.	Tues. Sept. 4 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	248.83	+0.5	17.35	5.77	7.40	247.59	246.43	247.23	246.55	258.21
2 Building Materials (27)	234.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (28)	392.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (15)	645.33	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (12)	364.78	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (74)	170.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (16)	161.97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11 CONSUMER GOODS (DURABLE) (52)	244.36	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12 Lt. Electronics, Radio, TV (16)	352.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Household Goods (13)	147.87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14 Motors and Distributors (23)	112.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GOODS (NON-DURABLE) (171)	240.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Breweries (14)	291.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Wines and Spirits (6)	334.51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Entertainment, Catering (17)	317.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (19)	212.92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (15)	308.56	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (12)	425.79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	149.95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (41)	240.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (23)	153.73	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	246.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Toys and Games (6)	99.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (99)	207.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (18)	317.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Pharmaceutical Products (7)	232.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (6)	174.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping (10)	453.59	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (58)	245.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (494)	242.19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (6)	574.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	274.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (116)	194.06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	221.06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	257.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	181.67	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	163.17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (8)	129.36	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	274.97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	101.72	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (43)	345.53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (10)	122.82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (110)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	132.78	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (20)	345.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	251.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Mon., Sept. 10	Day's change %	xd adj. today	xd adj. 1979 to date
1 Under 5 years	105.23	+0.07	—	8.12
2 5-15 years	117.90	−0.12	—	7.55
3 Over 15 years	123.72	−0.18	—	9.65
4 Irredeemables	135.81	−0.23	—	9.82
5 All stocks	114.88	−0.08	0.03	7.96

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

		Mon. Sept. 10	Fri. Sept. 7	Year ago (approx.)
1 Low Coupons	5 years	10.13	10.13	[illegible]
2	15 years	10.59	10.59	[illegible]
3	25 years	11.05	11.05	[illegible]
4 Medium Coupons	5 years	11.95	11.95	[illegible]
5	15 years	12.22	12.10	[illegible]
6	25 years	12.09	12.11	[illegible]
7 High Coupons	5 years	12.42	12.41	[illegible]
8	15 years	12.62	12.60	[illegible]
9	25 years	12.43	12.43	[illegible]
10 Irredeemables		11.86	11.83	[illegible]

	Mon., Sept. 10 Index No.	Yield %	Fri. Sept. 7	Thurs. Sept. 6	Wed. Sept. 5	Tues. Sept. 4	Mon. Sept. 3	Fri. Aug. 31	Thurs. Aug. 30	Year ago (approx.)
15 20-yr. Red. Deb & Loans (15)	58.73	12.64	58.85	58.75	58.67	58.31	58.69	58.74	58.73	67.61
16 Investment Trust Prefs. (15)	51.50	13.03	51.53	51.53	50.71	51.63	51.53	51.53	51.63	51.36
17 Coml. and Indl. Prefs. (20)	71.33	13.85	71.28	71.28	71.17	70.01	71.21	70.73	70.73	70.85

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	107.6	113.3	-0.1	3.13
Abbey Capital	38.1	40.5	+0.3	4.71
Abbey Income	44.7	47.5	+0.2	7.37
Abbey Inv. Tst. Fd.	37.5	39.9	.....	5.71
Abbey Gen. Tst.	50.0	53.2	+0.1	4.58
Equitas Prog. Ts.	70.5	74.4	+0.5	4.76

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	97.4	102.5	.....	12.00

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	72.8	77.9	+0.2	5.34
Brit. Inds. Fund	71.2	76.2	+0.4	5.33
Grth. & Inc.	41.1	44.0	+0.1	5.00
Elect. & Ind. Dev.	38.9	41.6	+0.2	5.09
Allied Capital	77.1	82.5	+0.2	4.85
Hambro Fund	119.5	127.9	+0.6	5.75
Hambro Acc. Fd.	139.8	149.6	+0.7	5.06
Income Funds				
High Yield Fd.	73.2	78.3	+0.3	8.74
High Income	69.9	74.8	+0.2	7.49
A. H. Eq. Inc.	41.4	44.4	+0.1	7.31
International Funds				
International	26.0	27.8	+0.2	2.89
Pacific Fund	57.4	60.0	+0.1	2.23
Secs. Of America	57.9	62.0	+0.8	2.03
Specialist Funds				
Smaller Co.'s Fd.	48.0	51.4	+0.4	3.89
2nd Smlr. Co's Fd.	58.6	62.7	+0.3	3.99
Recovery Sits.	115.1	123.2	+0.5	5.43
Met. Min. & C'dty.	47.8	51.1	+0.3	5.09
Overseas Earnings	58.2	62.3	+0.2	5.30
Exempt Funds				
Far East Exempt	45.0	46.8	+0.1	3.00
Smaller Co. Exempt	75.2	79.0	+0.4	4.35
U.S.A. Exempt	100.0	104.0	+1.1	3.37

Friends' Provdt. Unit Tr. Mgrs.
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	50.0	53.4	+0.3	4.58
Do. Accum.	66.9	71.5	+0.3	4.58

Funds In Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Aug. 30	107.7	108.8	.....	4.96
Gross Inc. Aug. 30	76.9	78.7	.....	9.91
High Yield Aug. 30	84.7	87.8	.....	9.68

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	105.6	112.3	.....	4.10
Do. Acc.	131.2	139.5	.....	4.10
G.T. Inc. Fd. Un.	168.3	179.0	.....	9.10
G.T. U.S. & Gen.	136.4	145.1	.....	2.80
G.T. Japan & Gen.	79.9	84.5	.....	3.10
G.T. Pens. Ex. Fd.	223.2	234.3	.....	5.30
G.T. Int'l. Fund	153.7	163.5	.....	3.10
G.T. Four Yds. Fd.	53.8	57.2	.....	7.80
G.T. Far East & Gen.	45.1	48.4	.....	3.40

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	36.5	39.0	+0.1	4.95

Gartmore Fund Managers (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Tst.	25.9	27.8	+0.9	0.89
British Tst. (Acc.)	66.1	71.1	+0.4	3.30
Commodity Share	30.9	33.2	+0.1	3.01
Extra Income Tst.	24.7	26.6	.....	9.28
Far East Trust	31.5	33.7	+0.1	0.14
High Income Tst.	59.0	63.4	+0.2	9.38
Income Fund	77.3	83.1	+0.4	7.31
Ins. Agencies	14.35	15.36	+0.06	4.14
Intl. Exempt Fd.	96.1	102.5	.....	6.64
Intl. Tst. (Acc.)	32.1	34.5	+0.5	0.94

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2. 01-588 4111

INSURANCE & PROPERTY BONDS

OFFSHORE & O'SEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$8.66	.....	—

Net asset value September 4.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£12.20	12.14	.....	11.76

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier Jersey. 0534 76077

Cap. Tst. (Jersey)	125.0	129.0	.....	7.75

Next dealing Sept. 17.

Gov't Secs. Tst.	92.5	92.0	.....	13.06

Next dealing date September 17.

East & Intl. Tst. (C.I.)	104	111	.....	3.38

Next dealing September 20.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

USSI Shares	$US1.48	.....	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US104.35	109.91	+0.27	8.42

Prices at Sept. 6. Next sub. day September 12.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	59.56	61.80	-0.09	8.17

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	89.0	94.7	.....	5.00

Barclays Unicorn International
1 Charing Cross, St. Helier, Jersey. 0534 73741

Overseas Income	46.1	48.5	.....	12.00
Unidollar Trust	$US12.18	12.80	.....	1.70

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,370	1,502	-12	2.30
Bondselex	Fr118.25	124.15	.....	2.40
Central Assets	£150.74	150.79	+0.36	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.51	9.56	.....	11.75
Gilt Trust (I.o.M.)	105.9	108.8	+0.5	11.75
Gilt Fnd. Guernsey	9.69	9.74	.....	11.75
Intl. Govt. Secs. Tst.				
First Sterling	£21.56	21.71	.....	—
First Intl.	$US238.07	238.85	.....	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest	LF1,155		+8	4.16
Guernsey Inc.	68.3	72.5	.....	4.78
Do. Accum.	86.8	92.1	.....	4.78
KB Far East Fd.	$US13.86		.....	2.16
KB Gilt Fund	£10.90	10.96	.....	11.45
KB Int. Bd. Fd. Inc.	$US103.29		.....	8.20
KB Int. Bd. Fd. Acc.	$US108.84		.....	
KB Intl. Fund	$US13.35		.....	2.11
KB Japan Fund	$US32.21		.....	0.98
K.B. U.S. Gwth. Fd.	$US15.15		.....	1.44
Signet Bermuda	$US5.61		-0.07	1.78

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas.	54.4	57.3	.....	2.73

Next dealing September 17.

Lloyds Trust Gilt	£10.19	10.20	.....	11.50

Next dealing September 12.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

Lloyds Int. Growth	SF375.5	402.0	.....	1.10
Lloyds Int. Income	SF296.5	308.0	.....	5.20

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

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Public Board and Ind.

Financial

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U.S. $ & DM prices exclude inv. $ premium

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S.E. List Premium 12¼% (based on US$2.2463 per £)
Conversion factor 0.6902 (0.6970)

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S.E. List Premium 12¼% (based on $2.6192 per £)

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GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-U.K. residents.

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NOTES

[illegible]

† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
♦ Figures or report awaited.
†† Unlisted security.
# Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
♦ Merger bid or reorganisation in progress.
♣ Not comparable.
♦ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
♥ Excluding a final dividend declaration.
♣ Regional price.
|| No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xk ex capital distribution.

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sindall (Wm.)	167	......
Bertam	21	......	IRISH		
Bdg'wtr. Est. 50p	415	......	Conv. 9% '80/82	£88¾	......
Clover Croft	28	......	Nat. 9¾% 84/89	£73	......
Craig & Rose £1	£11½	......	Fin. 13% 97/02	£80¾	......
Dyson (R. A.) A	26	......	Alliance Gas	75	......
Ellis & McHdy	180	......	Arnott	355	......
Fife Forge	50	......	Carroll (P.J.)	105	......
Finlay Pkg. 5p	19½	......	Clondalkin	80	......
Graig Ship. £1	380	+20	Concrete Prods.	85	......
Higsons Brew	70	+3	Heiton (Hldgs.)	78	......
Holt (Jos) 25p	255	......	Ins. Corp.	190	......
I.O.M. Stm. £1	140	−2	Irish Ropes	72	......
Pearce (C. H.)	250	......	Jacob	35	......
Peel Mills	30	......	T.M.G.	136	......
Sheff. Refrshmt	105	......	Unidare	85	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	24	Tube Invest.	30
A. Brew	9	"Imps"	8	Unilever	55
BOC Intl.	6	I.C.L.	55	U.D.T.	5
B.S.R.	7	Inveresk	7	Utd. Drapery	10
Babcock	18	KCA	5	Vickers	18
Barclays Bank	32	Ladbroke	22	Woolworths	7½
Beecham	52	Legal & Gen.	14		
Blue Circle	18	Lex Service	11	**Property**	
Boots	18	Lloyds Bank	25	Brit. Land	7½
Bowaters	18	"Lofs"	5	Cap. Counties	9
B.A.T.	28	London Brick	7	Land Secs.	25
Brown (J.)	50	Lonrho	0	MEPC	17
Burton 'A'	26	Lucas Inds.	25	Peachey	13
Cadburys	7	"Mams"	18	Samuel Props.	14
Courtaulds	10	Mrks. & Spncr.	11	Town & City	2¾
Debenhams	8	Midland Bank	30		
Distillers	21	N.E.I.	14	**Oils**	
Dunlop	6½	Nat. West. Bank	28	Brit. Petroleum	100
Eagle Star	14	Do. Warrants	15	Burmah Oil	13
E.M.I.	12	P & O Dfd.	10	Charterhall	5
Gen. Accident	21	Plessey	10	Premier	5
Gen. Electric	35	R.H.M.	5	Shell	25
Glaxo	50	Rank Org.	25	Ultramar	25
Grand Met	14	Reed Intnl.	10		
G.U.S. 'A'	30	Sears	5½	**Mines**	
Guardian	24	Spillers	4½		
G.K.N.	28	Tesco	7	Charter Cons.	16
Hawker Sidd	26	Thorn	35	Cons. Gold	20
House of Fraser	18	Trust Houses	17	Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday September 11 1979

ECONOMIC INDICATORS FOR AUGUST

Retail sales up 3.4%

BY DAVID FREUD

SPENDING in shops appears to have recovered after the drop caused by the increase in value-added tax. However, the retail sector is believed to have absorbed part of the VAT rise, by squeezing profit margins further, in an attempt to keep up the level of sales.

The provisional index for the volume of retail sales rose 3.4 per cent in August to 112.5 (1971 = 100, seasonally adjusted).

The main gain in sales in August seems to have been in the clothing and footwear sector, which has seen a poor year so far. Food appears to have been fairly strong, while durable goods have fallen behind after their high level of sales earlier in the summer.

The latest increase in the index comes after the 9.6 per cent drop in July from the previous month's exceptional index figure of 120.3. June's figure was heavily influenced by spending to beat the increase in VAT to 15 per cent, which took effect on June 18.

Sales have been distorted throughout the year, not only by the beat-the-Budget boom and subsequent slump, but by the winter industrial disruption followed by the spring recovery. The underlying trend is more complicated than usual to assess.

However, the August figure is above the average index figure of 112 for the first five months of the year. This suggests that while the growth in sales is not so rapid as earlier, it is still continuing.

This interpretation is supported by the banking figures for August, which showed that borrowing by the personal sector was still buoyant.

Retail sales are generally a close guide to personal loan demand, which the authorities hope will ease in coming months, taking the pressure off money supply growth and allowing interest rates to come down.

So, if the upward August trend in retail sales continues into the autumn, the authorities are unlikely to be willing to allow a fall in interest rates, even though this will mean that the announced increase in building society mortgage rates will go ahead in January.

Mr. Richard Weir of the Retail Consortium, which represents a wide range of shops, said present vigorous price promotion indicated that retailers were fighting for volume. In effect this meant that retailers were absorbing part, probably about half, of the rise in VAT.

The autumn was likely to be very price competitive especially after the launch of Marks and Spencer's price-cutting campaign.

In the first eight months of the year sales were 4.2 per cent higher than in the same period in 1978, and Mr. Weir said it was unlikely that the annual increase of 1979 over 1978 would be any less, especially as tax rebates were due in October.

This increase would not fall far short of the 5.3 per cent rise in 1978 over 1977. However, the prospects for 1980 were much gloomier and Mr. Weir said retailers would do well to increase volume at all over 1979.

Mr. David Johnson, chief executive of the electrical chain Rumbelows, said domestic appliance sales were tight in August, although there were signs of a recovery in the first week of September.

Tesco said food and clothing sales were strong in August. Victoria Wine, the Allied Breweries retail chain subsidiary, said sales were particularly strong.

Editorial Comment, Page 18

RETAIL SALES

		Volume 1971=100 (seasonally adjusted)	Value % change compared with year earlier (not adjusted)
1978	1st	106.4	+13
	2nd	107.9	+15
	3rd	110.7	+15
	4th	111.7	+14
1979	1st	110.3	+13
	2nd	114.7	+17
	April	115.4	+14
	May	113.5	+14
	June	120.3	+20
	July	108.7	+11
	Aug.*	112½	+11

* provisional estimate.

Source: Department of Trade

Wholesale prices rise more slowly

BY DAVID FREUD

PRICES of British manufactured goods rose more slowly last month, indicating that most of the early summer's oil price rise has been passed on.

The wholesale price indices, published yesterday by the Industry Department, show that output prices at the factory gate rose 0.9 per cent in August, after the 2.2 per cent July increase.

The rate of growth in prices of fuel and raw materials bought by manufacturers also eased markedly, although a substantial part of this was due to lower prices for seasonal foods.

The price index covering manufacturers' raw materials and fuel rose by 0.6 per cent in August to 166.4 (1975=100).

However, lower prices for homeproduced cereals and imported food oils and coffee meant that food manufacturers' material costs fell by 0.25 per cent.

Excluding the food sector, input costs for manufacturers rose 0.9 per cent in the month. This was still below the average rates for both the last six months, when input prices rose 9¾ per cent, and over the last year, which saw a 15½ per cent increase.

The key reason for the August increase in input prices was the slight softening of sterling against the dollar, which put up crude oil prices.

The average exchange value for sterling in August was 0.9 per cent lower than the July average of about $2.26. There were also increases in some commodity prices, particularly copper.

Officials are cautiously optimistic about the outlook for commodity prices, since future rises should be tempered in the light of the expected downturn in world demand.

The higher effective price for oil has yet to work through into the output index, which stood at 176.3 (1975=100) in August. This index has risen 14 per cent over the last year and 9.25 per cent in the latest six months.

WHOLESALE PRICES (1975=100)

		Raw Materials	Output (Home Sales)
1978	1st	140.2	149.2
	2nd	146.3	151.8
	3rd	144.9	154.8
	4th	147.1	157.3
1979	1st	152.2	161.6
	2nd	161.3	168.0
	Apr.	158.4	165.5
	May	161.0	167.7
	June	164.6	170.9
	July	165.4	174.7
	Aug.*	166.4	176.3

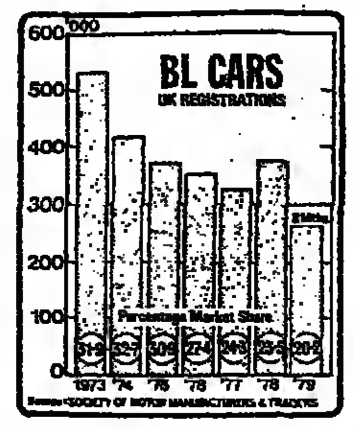
* Provisional.

Source: Department of Industry

THE LEX COLUMN

Westward shift to Imps' portfolio

Index rose 1.5 to 475.0



Imperial Group's bid for Howard Johnson is a major investment exercise rather than a corporate merger. Imperial's management has long felt over-exposed to the UK economy, which is still the source of most of its earnings. It has made it clear for some years that it wanted to switch its portfolio investments (notably BAT) into wholly owned assets overseas. The reason for picking on Howard Johnson is that it fulfils a number of pre-ordained criteria concerning size, market and financial structure.

On the face of it the final choice looks expensive. The offer of $28 a share is more than double the recent Howard Johnson share price. It is 2.4 times the net worth of the U.S. company and is 17.5 times the earnings expected for it in the current year. Some analysts view these earnings as unrepresentatively low because of the way this year's petrol crisis in the U.S. has hit the restaurant chain's profits, but this problem could face Howard Johnson for some time.

The premium rating would be easier to understand if Imperial intended to inject greater vitality into Howard Johnson. But it appears set on a passive involvement in a company whose image on Wall Street is solid but undynamic and which has built up liquid assets of around $90m instead of accelerating the development of its business.

In the immediate future Howard Johnson will yield Imperial less than an equivalent investment in the money market, either here or in the U.S. Howard Johnson will produce a pretax return this year of 10 per cent on the $630m purchase price, while Imperial is currently earning more than 11 per cent on its gilt portfolio of £250m. From this short term point of view Imperial can justify the bid only because it will raise a good slice of the purchase price—perhaps £70-£80m—from its sale to BAT of the Mardon packaging business. It is because the effective return on this investment in Mardon was low that Imps will be able to show a small profits improvement if the two deals go through.

A portfolio diversification of this kind can only be justified in the long term. In this sense the bid can be compared with Imperial's bid for Courage in 1972, a much bigger deal in real terms. There, too, Imperial paid a premium price for a somewhat stodgy business which is only now beginning to show signs of making enough profit to justify the purchase price. This is Imperial's style; the last thing it would claim to be is an aggressively entrepreneurial group.

BL

Suffering from the strength of sterling and hurt by strikes — the current engineering dispute has so far cost it £20m — BL is typical of British manufacturing industry with, as usual, the added need to bear its misfortunes under greater public scrutiny. The group was at pains yesterday to dismiss some of the more alarmist funding scares, but there is no doubt that BL is falling short of the cash flow projections it was making at that beginning of the year. Sterling has strengthened by more than 10 per cent on a trade-weighted basis, and BL calculates somewhat crudely that, given overseas revenue of some £800m, this will cause a profit shortfall of around £80m both this year and next. Such arithmetic leaves out the possibility of any feedback from the exchange rate to costs, including wages. But for the time being, it is very painful to have to pay UK costs while facing Japanese and Continental price competition.

By no means all the trends have been negative. The group achieved excellent production runs between March and June, and the home car market has been very strong, cushioning the impact of a declining market share. Nevertheless BL was barely in profit in the first six months, and cash flow from trading was little more than £50m. For comparison capital spending is running at well over £200m a year and there are substantial additional requirements for working capital and rationalisation costs. Just £225m remains to be drawn down from the £1.5m voted by Parliament—and next month BL has to convince the Government that it can become a viable concern within the term of its current five-year plans.

Financially, the key point remains whether BL can transform its rate of internal cash generation. Its new model policy now looks more credible, if inevitably more expensive, too. But the group remains highly vulnerable to a further serious slump in market share in the next two years in a UK market which in all probability will be shrinking.

Wholesale prices

The economic statistics continue to tell an enigmatic story. Yesterday, along with retail sales figures that suggest a fair rebound in consumer spending in August after the collapse in July—over the June/August period volume sales were 3 per cent above the 1978 level—came unexpectedly good wholesale price data.

Output prices are up by 0.9 per cent in August, a figure which equals the lowest monthly rise of the year so far, and the raw materials index, ignoring the fall in seasonal food prices, rose by a similar amount. This does not look too bad considering that sterling weakened during the month. In the output series, the rise of 4 per cent in June and July looks more than ever like the manufacturers' reaction to the abolition of the Price Commission. At the beginning of August, though, a number of industrialists were still expressing the intention of raising prices. Perhaps the competition has restrained them—or maybe the figures will be revised upwards, as some of the recent ones have been.

The softness at the long end of the gilt-edged market yesterday probably owed more to the impending issue of two new stocks than to any interpretation of the statistics. It does make the new taps look slightly dear, though not so dear that the market could not be massaged up towards them today. There has been some brave talk about over-subscription when the lists open tomorrow morning, but the rather stodgy price performance of the last few weeks has made for a much less bullish atmosphere.

State aid for Dow Corning

By John Elliott, Industrial Editor

A £33M PACKAGE of State industrial aid put together by the Government to encourage Dow Corning to go ahead with a £134m expansion of its chemical plant in Barry, South Wales, is to be announced today.

The package, one of the biggest ever assembled in the UK, demonstrates the willingness of Sir Keith Joseph, Industry Secretary, to modify his basic opposition to Government industrial subsidies to attract major investment projects into Britain.

Dow Corning is a subsidiary of Dow Chemicals and Corning Glas and is based in Michigan in the U.S. Its Barry plant, producing silicones which are used extentively in manufacturing industry, will be expanded.

The highly capital intensive expansion is unlikely to increase the number of people employed there from the present 4,500.

However, the Government believes it is worth putting up the aid to ensure that the company has a long-term future in South Wales. About £100m is expected to be spent by the company in the UK on buildins and plant.

The aid package was designed by the Labour Government at the beginning of this year. It was being vetted for approval in Brussels by the European Commission at the time of the general election.

The amount of regional development grants for the project was reduced from £25m to about £15m because the rate of grants was amended by the present Government.

But the Industry Department has partially offset this reduction by adding between £3m and £6m to the aid allocated under its Selective Investment Scheme which is designed to attract inward investment projects to the UK. Dow Corning will now receive about £18m from this scheme, bringing the total aid package to £33m instead of the £40m originally evisaged.

Further layoffs likely to follow engineering strike

BY ALAN PIKE, LABOUR CORRESPONDENT

MORE LAYOFFS are expected in the engineering industry when workers return tomorrow after the second two-day strike

Although the Engineering Employers Federation claimed that about 300,000 engineering workers continued working during yesterday's strike the majority again observed Confederation of Shipbuilding and Engineering Unions instructions

The employers' federation said that reports from the regions indicated that layoffs were likely to continuen when the strike ended. Foundries, heat - treatment plants and continuous manufacturing processes would generally be affected first. But there would be a chain effect elsewhere in industry and on suppliers.

The federation is urging its member companies to test shop-floor support for the strike by inviting employees to take part in a confidential ballot if they get to the point where it is "uneconomic or impractical" to remain open only three days a week.

In a letter to chief executives of all 6,500 federated companies yesterday Mr. Anthony Frodsham, director-general, suggested that employees should be consulted in these terms:

"Production at this plant has been seriously dislocated by CSEU industrial action. As a result of this it is impossible to continue operating economically and we have the choice of closing indefinitely or resuming normal working. Are you prepared to work normaly in order to keep your plant open?"

This reflects the employers' belief that many engineering workers are reluctant in their support for the strike. Union leaders, however, remain satisfied with the support they continue to receive. ... ...

At Rolls-Royce all 30,000 manual workers are to be laid off from Friday because of the dispute. Mr. Trevor Salt, aero division operations director, yesterday urged employees to put the "greatest possible pressure" in their unions to get the dispute settled.

The unions are seeking a new minimum craft rate of £80 a week, one hour off the working week this year, extra holidays and a common implementation date for the new agreement.

Heseltine proposal would force councils to sell unused land

BY MICHAEL CASSELL

NATIONALISED INDUSTRIES and local authorities may soon be compelled to sell unused land to developers under plans announced yesterday by Mr. Michael Heseltine, Secretary for the Environment.

The Local Government and Planning Bill, due to be put before Parliament this session, will include proposals to establish a register of waste or unused land in a limited number of areas throughout the country.

The emphasis will be on inner city and urban areas. Any nationalised undertaking, local authority, new town authority or regional planning board with land holdings in the designated locations will have to enter details on the register.

The Department of the Environment will then be able to direct owners of land not being used to offer it for sale on the open market, allowing them "reasonable time" to establish any beneficial planning use. In the case of nationalised industries, the Department of the Environment will work in co-operation with the appropriate sponsoring Minister.

Mr. Heseltine admitted yesterday that his Department had no accurate information on the amount of potential development space lying unsued, but said his move was based on the widely-held belief that large volumes of land, especially in inner urban areas, were underused and that there had been no concerted attempt to bring them forward for development.

Initially, only larger sites (probably those of over one acre) would need to be registered, but Mr. Heseltine indicated that the provisions may eventually cover small but potentially useful development sites in inner cities.

Mr. Heseltine implied that nationalised industries were the major culprits in reluctance to dispose of unused land, which he said, was shared by many local authorities. But he considered it unreasonable to make any direction which did not also bring local councils within the same discipline.

The Ministers rejected suggestions that the establishment and monitoring of the registration system would prove expensive at a time of widespread expenditure cuts. The scheme was "very cost-effective and he emphasised that it would release non revenue-producing land for development while raising funds for the existing owner.

Mr. Heseltine also made clear that, if his proposals led to a substantial release of development land, he would closely watch its impact on land prices and, if necessary, take remedial action.

Unions fail to block challenge to Callaghan

By Philip Rawstorne

AN ATTEMPT by trades union leaders to block the Labour Left-wing challenge to Mr. James Callaghan's leadership failed yesterday.

By 11 votes to six, the party's Left-wing dominated organisation committee rejected the unions' demands that controversial votes due to be taken at next month's conference should be deferred.

The votes concern changes in procedures for the election of the party leader, the drafting of future election manifestoes and the re-selection of Labour MPs.

If the moves were to be successful, the influence of the Left-wing over the party leadership would be greatly increased.

Mr. Callaghan and his trades union allies may now be forced into a show-down with the Left at the pre-conference meeting of the party's National Executive.

If a last-ditch attempt to change the conference agenda then fails, the trades unions may use their block votes at the conference itself to ensure that the Left is defeated.

The union leaders, who met members of the organisation committee earlier yesterday, had hoped to head off a serious row at the conference.

Led by Mr. David Basnett and Mr. Moss Evans, they proposed that a full inquiry should be set up into the party's finances, organisation and constitution.

They suggested that the inquiry's interim report on the three controversial issues could be debated and voted on at a special conference in the spring.

Any votes at the Brighton conference next month would pre-empt the inquiry's findings and should be postponed, they said.

Mr. Callaghan, who attended the joint meeting, urged that the unions' proposals should be accepted.

He hinted that, if they were rejected, a special meeting of tha party's National Executive might have to be called to thrash out the issue.

But the organisation committee, while accepting unanimously the unions' inquiry proposals, decided that the key issues already on the conference agenda should be put to the vote next month.

The inquiry committee, to be established shortly with members drawn from the trades union leadership and the National Executive, will examine all aspects of party membership, finance, organisation, structure and policy-making.

But unless the trades unions succeed in reversing yesterday's decision, the inquiry will not make its report until next year's conference.

Mr. Eric Heffer and Mr. Anthony Wedgwood Benn, who both voted against the idea of a special conference, last night issued a paper on links between the party and the trades unions.

They suggest that it should examine the possibility of establishing TUC-Labour Party liaison committees in the regions and suggest that consideration should also be given to setting up party branches in factories and offices.

BL to cut 25,000 jobs

Continued from Page 1

group's lower-than-expected market share so far this year.

Until the new Metro is available BL's volume next year will be lower than forecast at this time last year.

Sir Michael also pointed out that the strength of sterling compared with other major currencies prevented BL from making up deficiencies in the home market by exporting more.

He maintained that BL had been making progress towards solving its fundamental problems. In the past year some 18,000 jobs had gone and plants at Speke and Southall had been closed. "Without those closures the board would have been thinking about winding up BL."

Now it had been decided to "back the winners" and concentrate car assembly at those plants which had already been modernised or were in the process of being modernised.

The new model programme would give BL five new products in the important medium-sized car market—which accounts for 60 to 65 per cent of total sales in the UK.

The Honda collaborative deal had been extended so that BL could produce more than originally inteded, a change made possible by the switch of production from Canley to Cowley.

BL also produced its half-year results yesterday and these showed a taxable profit of £20.1m compared with £17m for the six months to June 30 last year. Net profit was £9.2m (£7.9m) and vehicle sales totalled 414,000 (420,000).

Sir Michael estimated that the hauliers' dispute early in the year had cost BL £30m in lost profit. The current engineering workers' dispute had so far cost the group £20m while the cost in profit terms of the high value of sterling was £80m for 1979 and 1980.

John Elliott, industrial editor, writes: Sir Keith Joseph, Industry Secretary, has been told about the plans informally by Sir Michael Edwardes and can be expected to give them his formal approval later in the year.

But he has not yet been asked for any Government aid on top of the total of £375m provisionally allocated by the NEB for this year and 1980. His response if BL does decide that it needs extra State support is likely to depend partly on how much co-operation the company is obtaining from its workforce for the run-down.

The £375m will bring the total State funding of BL to £975m. The share for 1979 is £150m, of which about half has been drawn so far.

But the remaining £225m due next year will not be paid automatically by the NEB; it will have to be satisfied first that the company is improving its productivity and market position.

The company therefore faces two possible hurdles to future Government aid. First, it must satisfy the NEB that sufficient progress is being made o justify next year's £225m. Then, if it decides it wants more Government cash, it must try to persuade both the Government and the NEB that further State funds should be committed.

The NEB will be officialy told about the plans in detail by the beginning of next month after BL has consulted its employees and finalised its corporate plan. The NEB will then pass the plan on to Sir Keith.

Weather

UK TODAY

SUNNY intervals in most areas.

London, S. England, E. Angila, Midlands, S. Wales, Channel Is.
Cloudy, sunny intervals later. Max. 22C (72F).

E., N.W., and Cent. N. England, N. Wales
Cloudy, sunny intervals later. Max. 18C (64F).

Lake District, Isle of Man, W. Scotland, Cent. Highlands, N. Ireland
Cloudy, light rain. Max. 17C (63F).

N.E. England, E. Scotland
Cloudy, a few bright periods later. Max. 17C (63F).

N.E., N.W. Scotland, Orkney, Shetland
Bright periods, some showers. Max. 15C (59F).

Outlook: England and Wales dry and warm. Changeable elsewhere.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	Locarno	C	21	70
Algiers	S	28	82	London	F	18	64
Amsdm.	S	20	68	Luxmbrg	C	20	68
Athens	S	29	84	Madrid	F	30	86
Bahrain	S	39	102	Majorca	S	27	81
Barcelna	F	25	77	Malaga	S	27	81
Belfast	C	15	61	Malta	F	27	81
Belgrade	S	27	81	Mnchstr	F	18	61
Berlin	C	17	63	Melbrne	C	19	66
Biarritz	C	20	68	Milan	C	23	73
Brmghm	F	17	63	Montreal	C	14	58
Blackpl	C	14	57	Moscow	C	12	54
Brdeaux	C	20	68	Munich	F	19	66
Boulgne	C	18	64	Nairobi	S	21	70
Bristol	F	18	64	Naples	S	25	77
Brussels	F	18	68	Newcstl	C	15	59
Budapst	F	26	79	N York	S	20	68
B. Aires	C	18	64	Nice	S	24	75
Cairo	S	30	86	Nicosia	S	27	81
Cardiff	F	17	63	Oporto	S	21	70
Casblca	C	27	81	Oslo	F	17	63
Cape Tn	C	19	66	Paris	F	20	68
Chicago	C	22	72	Prague	F	19	66
Cologne	S	21	70	Reykjvk	F	8	46
Copnhgn	C	16	61	Rhodes	S	28	82
Dublin	C	15	61	Rio Jro	S	22	72
Dubrvnk	S	24	75	Rome	S	26	79
Ednbrgh	C	16	61	Salzbrg	C	22	72
Faro	S	28	82	Singapre	S	30	86
Frankfrt	S	21	70	Stckhlm	C	14	57
Funchal	S	23	73	Strasbrg	C	21	70
Geneva	C	20	68	Sydney	S	27	81
Gibraltr	S	26	79	Tangier	S	30	86
Glasgow	R	15	59	Tehran	S	31	88
Guernsy	S	17	63	Tel Aviv	S	27	81
Helsinki	C	14	57	Tenerife	S	22	72
H Kong	S	29	84	Tokyo	C	27	81
Innsbrk	F	20	68	Toronto	C	21	70
Invrnss	F	16	61	Tunis	F	27	81
Istanbul	S	25	77	Valencia	S	26	79
Jersey	S	17	63	Venice	S	24	75
Joburg	S	17	62	Vienna	F	23	73
L. Palms	S	24	75	Warsaw	C	18	61
Lisbon	S	25	77	Zurich	C	18	64

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow

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هكذا من الأصل